

Jeffrey

Austria	... 50.15	Indonesia	... Rp 1,000	Philippines	... Pts 20
Belgium	... Be 0.95	India	... L 1,100	Portugal	... Esc 65
Belgium	... Be 0.75	Japan	... Yen 550	S. Africa	... R 6.60
Canada	... C\$2.50	Jordan	... Fils 500	Singapore	... Es 4.10
Denmark	... Kr 2.80	Korea	... H 500	Sri Lanka	... Rupees 5.50
Egypt	... Es 1.00	Liberia	... L 1,500	Sweden	... Kr 5.50
Finland	... Ekr 5.00	Luxembourg	... L 17.25	Switzerland	... Sfr 1.2
France	... Fr 2.00	Malta	... M 4.25	Tunisia	... D 6.00
Germany	... DM 2.00	Morocco	... Dr 0.50	Turkey	... L 1.90
Greece	... Dr 6.00	Netherlands	... R 2.25	U.S.A.	... Dr 5.50
Iraq	... Rls 1.15	Norway	... Nkr 1.00	U.S.A.	... \$1.50

No. 29,020

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Thursday March 10 1983

Chemical weapons: why
Lou and Victor
cannot agree, P. 2

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NEWS SUMMARY

GENERAL

Reagan campaign for arms backing

BUSINESS
Germans not to revalue D-Mark

U.S. President Ronald Reagan launched a new campaign to persuade Congress and public opinion of the increasing military threat posed by the Soviet Union and the need for a continuing American arms build-up in response.

The Pentagon published a new booklet giving previously classified details of the Soviet expansion.

Defence Secretary Caspar Weinberger said that it demonstrated that Moscow had forged ahead in the past year in military modernisation, expansion, and forward deployment of its forces. Page 20

Ambassador shot

Turkey's ambassador to Yugoslavia, Calip Balkir, was shot through the head and body by a gunman, and is in intensive care in Belgrade. His driver was also shot, less seriously. Armenian militants said they did it.

EEC fraud case

Italian farmer Simone Martone, chairman of an olive growers' association, was arrested in Caserta on charge of swindling millions of dollars from the EEC. Five thousand on whose behalf payments were claimed had died, emigrated or had never grown olives, said a magistrate.

Support from Walesa

Solidarity leader Lech Walesa was in court at Grudziadz, north Poland, to support former welder and crane driver Anna Walejnowicz, an ear in the hammer union. She is charged with confusing union activity in defiance of martial law.

Syrian position

Syrian Information Minister Ahmed Iskander said his country would accept simultaneous withdrawal of Syrian and Israeli forces from the Lebanon.

New Assam violence

India moved in soldiers to an area of Assam previously untouched by violence in which 15 people were killed.

Cook must die

A 25-year-old cook in the disbanded Kenya air force became the 11th serviceman sentenced to death for treason after the failed August coup. None has yet been executed.

Ulster shootings

One man was shot dead and four wounded in three shootings in Northern Ireland.

Deportation rejected

Düsseldorf court rejected a West German Foreign Ministry request for former Iranian Deputy Premier Sadegh Tabatabai, being tried for drug smuggling, to be deported.

China frees painter

China is to free woman painter Li Shuang who was arrested in 1981, then jailed, after becoming engaged to marry a French diplomat. France's President François Mitterrand visits China in May.

Vatican-Belize deal

The Vatican is to exchange envoys with Belize, where Pope John Paul arrived yesterday in the last visit of his Central American tour.

Briefly

Paris: About 100 cars were in a chain collision in fog.

Landslide killed more than 270 in Gansu province, north-west China. Landslide and floods killed 12 at Recife, Brazil.

Italian police beat women demonstrators blocking Comiso air base in Sicily. Page 22

BUSINESS
Germans not to revalue D-Mark

CARTEL OFFICE BLOCKS FRENCH BID FOR GRUNDIG

AEG to sell 75% of Telefunken to Thomson-Brandt

By OUR FOREIGN STAFF

Thomson-Brandt, the French state-owned electronics group, has agreed with AEG-Telefunken to buy 75 per cent of Telefunken, the financially troubled West German company's consumer electronics subsidiary. No price was disclosed.

Simultaneously Thomson yesterday dropped its bid for 75.5 per cent of Grundig, the privately owned West German electronics manufacturer, in the face of the Federal Cartel Office's refusal to permit the deal.

The takeover of Telefunken, which still requires the formal consent of the Cartel Office, would strengthen Thomson by giving it at least 25 per cent of the West German market for television sets and video recorders, as well as a leading brand name. At the same time, however, it represents a dramatic scaling back of the French Government's ambitions to help create a joint European front against the Japanese electronics industry.

Philips, which used its minority holding effectively to block the Thomson bid, apparently wants to keep Grundig within its sphere of influence, and the way now appears open for it to do so. The two companies are closely linked through their joint development of the Video 2000 video recorder system, which enjoys a strong market share in West Germany.

Thomson yesterday said it was confident of gaining rapid Cartel Office approval of the Telefunken deal. It said it would keep on the 4,000 people employed at Telefunken's three West German plants there might subsequently need to some rationalisation of activities with its existing West German electronics subsidiaries, which already account for about 20 per

cent of the colour television set market.

The agreement will strengthen Thomson's links with JVC, the Japanese electronics company from which it already imports video recorders for the French market.

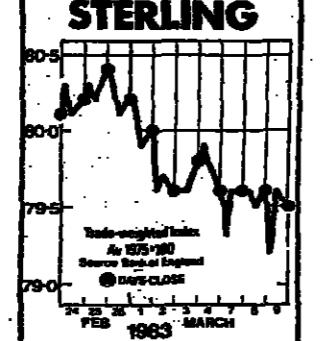
JVC, Thorn of the UK and Telefunken jointly own the German company's video recorder plant in Berlin, which produces 200,000 units a year. Thomson said yesterday, however, that the JVC link does not amount to a reworking of the plan for a joint video-company with JVC, Telefunken and Thorn. This was drawn up under the Giscard government and called off when the Socialists came to power in 1981.

The Ministry for Research and Industry emphasised yesterday that the estimated 20 per cent European market share in TVs and video-equipment of the new Thomson-Telefunken groupings

Continued on Page 20

Thomson settles for second best, Page 21

STERLING



3,0825. It eased to Y 357 (Y 357.75). Its trade-weighted index eased from 79.5 to 78.5. Page 44

• GOLD rose \$3.5 in London to \$425. In Frankfurt it rose \$3.5 to \$426.75, and in Zurich it went up \$1 to \$426.50. Page 41

• LONDON: FT Industrial Ordinary index edged up 0.3 to 864.9. Government marginal falls. Page 37. FT Share Information Service, Page 42, 43

• WALL STREET: Dow Jones index closed 12.86 up at 1,132.64. Page 37. Share Listings, Pages 38-40

• TOKYO: Nikkei Dow index fell 18.74 to 300.25. Stock Exchange index eased 2.18 to 388.34. Pages 37, 49

• HONG KONG: Hang Seng index eased 11.24 to 1063.5. Pages 37, 49

• AUSTRALIAN All-shares index fell 1.84 to 516.7. Pages 37, 40

• FRANKFURT: Commerzbank index fell 3.7 to 633.5. Pages 37, 40

• BRITISH official estimate of the UK 1982 current-account surplus has been cut by £750m to £3.5bn (£5.85bn). Page 5

• UK GOVERNMENT, may soon approve three North Sea gas projects involving an investment of between £750m (£126m) and £1bn. Page 20

• CFP, one of France's two state oil groups, announced 1982 profits 8 per cent up at FF 441m (565m).

• CONSOLIDATED Gold Fields, the London-based international mining and industrial group, has reported a 57 per cent fall to £29.7m in pre-tax profits for the half-year to the end of December last. Details, 28 Lex, Page 29

• AUSTRALIAN Reserve Bank slightly reduced its trade-weighted index by 0.2 per cent to 73.3 on Tuesday.

• PORTUGAL is to give 4m citizens two years to repay Esc 20m (£21m) in back taxes.

• DOME PETROLEUM, the troubled Canadian group, reported a 1982 net loss of C\$368m (\$300.8m), with an improving trend in the final quarter. Page 21

• PHILIPS, the Dutch electrical multinational, improved net profits 21 per cent in 1982 at Fl 435m (521m).

• WALT DISNEY Productions is borrowing Y15bn (865m), the first U.S. company syndicated yen loan. Page 22

Spain may bow to EEC and UK on car tariffs

By JOHN GRIFFITHS IN LONDON

SPAIN appears to be giving way to mounting pressure from the UK and EEC Commission to lower its tariff barriers on vehicle imports.

Bilateral talks between Spain and the UK, where the current imbalance in tariffs has become a growing political issue, are believed to have paved the way for an imminent lowering of import tariffs by Spain in advance of its intended entry to the EEC.

Currently, Spain imposes an import tariff of 38.7 per cent on vehicles from EEC states, with the total duty rising to around 60 per cent when local taxes are added. Spanish-produced vehicles are subject to a 42 per cent import tariff in the UK and other Community countries.

This could involve quotas on Spanish car imports, or a temporary raising of UK tariffs. Despite UK Treasury and Foreign Office fears about the implications for protectionism and the UK's EEC role, the MPs have claimed that the Government would act by Easter if the Spanish position did not shift.

A bilateral change in the Anglo-Spanish trade relationship, irrespective of whether it involved Britain raising its tariffs or Spain giving easier access to UK cars, would be certain to provoke a major row within the EEC. In either case, it would give the UK a trading advantage over its Community partners.

This is particularly so because the EEC Commission has long fought, albeit without success, for concessions from Spain on the UK's behalf.

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EUROPEAN NEWS

Bonn denies it intends to revalue the D-Mark

BY JONATHAN CARR IN BONN

WEST GERMANY has denied it intends to revalue the buoyant D-Mark. Instead, it has urged France to intensify its anti-inflation efforts to help strengthen the currency.

Herr Hans Tietmeyer, State Secretary at the Finance Ministry, said in an interview yesterday that he saw "no reason at all" for a D-Mark revaluation.

The weakness of the French franc, he said, was not a result of West Germany's large bilateral trade surplus with France (which totalled DM 1.5 billion (54.7bn) last year after nearly DM 1.2bn in 1981). The key factor was the French current account deficit with the rest of the world. The answer lay in intensification of the stability policy introduced last summer to hold down costs and increase competitiveness.

Despite this public statement, and some gains by the French franc yesterday, it is accepted here that there will be a realignment in the European

Monetary System shortly of several currencies, including those of West Germany and France.

Even at the start of this year, Bonn Government officials were predicting that a realignment would be almost certainly needed, at least by the spring, not least because of the French current deficit and relatively high inflation rate.

The question then asked was whether "the franc can hold out until the March elections?" — a reference to the municipal polls last Sunday and next in France, and the March 6 general election in West Germany.

Now the questions have become how soon the franc and D-Mark will move, by how much and which other EMS members will join in?

Even this is not opposed on principle to revaluation, but it is determined not to start the ball rolling and does not want to make too big a change. One possibility being mooted is that,

in the context of a general EMS realignment, a fairly small D-Mark revaluation might be accompanied by a move towards lower West German interest rates.

A cut in West German rates would help both to ease strains within the EMS and could be defended here on grounds that it would help promote a domestic economic upswing.

At present the Bundesbank's discount rate is set at 5 per cent and its Lombard rate at 6 per cent. This has been unchanged since last December when inflation was 4.6 per cent at an annual rate.

Now inflation is 3.7 per cent and falling, and the centre-right coalition has won the general election, bringing in these circumstances it is believed that the Bundesbank might be ready to cut key rates as early as at its meeting next Thursday.

EEC farm ministers yesterday again passed the buck back to the ten heads of government for a decision on whether the vital agriculture negotiations can proceed.

Spain's entry into the Community.

By Larry Klinger in Brussels

EEC FARM ministers yesterday again passed the buck back to the ten heads of government for a decision on whether the vital agriculture negotiations can proceed.

Spain's entry into the Community.

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OECD sees modest growth for Austria but warns about jobs

BY JONATHAN CARR IN BONN

AUSTRIA'S ECONOMIC performance is again likely to be one of the world's best this year, but renewed efforts are needed to combat rising unemployment.

This message emerges from the latest annual report on the Austrian economy, released today by the Paris-based Organisation for Economic Co-operation and Development.

The report seems bound to be seized upon with considerable interest in Vienna, where the campaign for the general election on April 24 is in full swing with that jobless issue playing a key role.

The OECD forecasts another year of modest growth in real terms for the Austrian economy, with falling inflation (to an average rate of 4.4 per cent) and a current account out of the red for the second year running. But it also believes that the unemployment rate will grow from an average 3.7 per cent of the labour force last year (and 2.5 per cent in 1981) to 4.8 per cent this year.

While this rate remains one of the lowest in the Western world it is very high by Austrian standards and, some observers believe, might undermine the famed "social consensus" between government, employers and labour force.

SHORT-TERM PROSPECTS

	Percentage changes in volume terms (1976 prices)			
	1981	1982	1983	
Current prices				
Sicbi	% of			
GDP				
Private consumption	595.7	54.3	0.7	1.2
Government consumption	194.8	18.4	2.0	2.0
Gross fixed capital formation	263.6	24.9	-2.6	-3.9
Construction	158.6	14.2	-2.2	-5.3
Machinery and equip.	112.9	10.7	-1.0	-2.2
Final domestic demand	1,054.2	99.6	0.2	0.1
Stockbuilding?	12.3	1.2	-2.5	-0.1
Total domestic demand	1,064.4	100.8	-0.5	0.1
Foreign trade	-1.5	-1.5	-1.2	-0.8
GDP at constant prices	-8.2	-0.8	2.7	0.5
GDP price deflator			0.0	0.7
GDP at current prices	1,058.3	100.0	5.9	7.1
Memorandum items				
Industrial prices		7.2	5.7	4.4
Industrial production		-2.0	0.8	-0.4
Unemployment		-2.5	3.7	4.3
Current balance (US\$bn)		-1.4	0.1	9.0
* Rates of change in per cent of GDP in previous period. [?] Including statistical difference. [?] Implicit consumption deflator. \$ in per cent of total labour force.				

Source: OECD Secretariat

Clearly aware of the sensitivity of the issue, in the pre-election period above all, the OECD devotes a large part of its report to a historical survey of the Austrian labour market, especially to demographic factors causing a boost in the jobless rate now.

It does cautiously suggest one of two remedies as well, including a cut in working hours and greater emphasis on "income policy" (not in the sense of a Government's increasing wages level but of still greater restraint by trade unions in their bargaining with employers).

Rather more controversially, the OECD says it thinks the budget deficit may be larger than the Austrian Government expects this year, because Vienna's assumptions about

economic growth and unemployment are "optimistic."

This element of the report could well be seized upon as election fodder by the opposition to Chancellor Bruno Kreisky's Socialist administration, which is fighting to keep its absolute majority in Parliament.

The same goes for the OECD's comments that, in the medium-term subsidies to industry should be reduced and "a more market-orientated industrial policy" adopted. The latter is a reference to the big state-controlled companies which are often accused of "hoarding labour."

However, the OECD also supports implicitly the two "job creation" programmes sponsored by the Government last year, Austria survey, Page 12-16

Economy 'destroyed,' says Portuguese Socialist chief

BY DIANA SMITH IN LISBON

THE centre-right Democratic Alliance, which has ruled Portugal for three years, has destroyed the country economically and financially, according to Dr Mario Soares, the Socialist party leader.

He claimed yesterday that Portugal will have to negotiate bank and International Monetary Fund loans on unfavourable terms, devalue the escudo heavily, raise prices, increase unemployment, reduce public investment and real wages and "cancel" growth of gross domestic product.

Dr Soares promised that his party's manifesto for the elections in June will include a plan to stabilise the economy.

His broadside against the Government's economic management after a meeting at the weekend with Socialist econo-

mists who briefed him on the country's finances.

While the politicians are gearing up for an election campaign that only begins officially on April 4, the Portuguese public is struggling through another marathon transport strike. For the past seven weeks, the railways and Lisbon's bus, tram and underground systems have stopped several days a week, causing chaos on the roads and millions of lost working hours.

Portugal's trade deficit reached Es 580.9m (42.7bn) at the end of November, 17.2 per cent higher than a year earlier. However, official figures show that coverage of imports by exports improved to 43.6 per cent compared to 41.7 per cent in November 1981.

Mr Leal Leal, the Socialist party leader, attended the opening of the trial.

Why Lou and Victor can't agree to ban chemical weapons

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

IF THERE are times when war is too important to leave to the generals, there may also be times when disarmament seems too important to leave to the professional disarmers.

At the United Nations Committee on Disarmament in Geneva, representatives of 40 nations opened their new year session two weeks ago, hoping to reach a worldwide convention to ban the existence and not merely the use, of chemical weapons.

There is already an international treaty banning biological weapons, but none to control the manufacture and stockpiling of the just as devastating and horrible chemical weapons.

The UN body is the only multilateral forum for disarmament negotiations. It has represented the five nuclear weapons powers, and a select group of Nato, Warsaw Pact and Non-aligned countries.

But in the past five weeks the Committee has failed even to

agree on an agenda, let alone to start negotiating. Its members say it is bogged down on whether or not a new subject, entitled Prevention of Nuclear War, should be added to the existing agenda of six or seven other items (including chemical weapons) and on who should chairmen of the Committee's key working groups.

Delegates, including those from the U.S., the UK, the Soviet Union and Mexico, deplore publicly this "shameful, disastrous" wasting of time. Blame is apportioned variously: to the Non-aligned countries for their intransigence in insisting on having the Prevention of Nuclear War item on the agenda; to the West for sticking so hard to the chairmanship issue—and to the West and the East for lacking the political will to make compromises on minor matters and to start negotiations on substance.

"The Committee is terminally sick," Mr Victor Issaelyan, the

Soviet ambassador, said in an interview earlier this week. Mr Hobbes, the veteran Mexican ambassador, suggested however that "the patient would recover, we hope with renewed vigour."

Personal relations on the Committee are clearly good, behind the deep mutual mistrust of the superpowers. The U.S. and Israel, and Mr Louis Fields, the U.S. ambassador, for example, refer to each other in conversation with third parties as Lou and Victor. Many delegates seem to agree that the Committee could produce its most (indeed its only) constructive work on a chemical weapons convention, but are apparently quite impotent to push it in the direction of progress.

The real problems of negotiating a chemical weapons convention are denied by one. It is not the Committee's fault that it has been in possession of the draft conventions of

the two superpowers only for a matter of weeks.

The Soviet draft was submitted last summer. Last month's document from the U.S. marked a watershed, in that for the first time it showed that Washington accepted in principle that a chemical weapons ban could be negotiated in the multilateral UN forum.

Both superpowers, the only countries with substantial chemical weapon stocks, intend a convention to be accepted by the Committee.

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AMERICAN NEWS

William Chislett meets the man who overthrew Gen Somoza, in exile in San Jose Commander Zero tries to reverse the revolution

"REVOLUTIONS are reversible," says Sr Eden Pastora, who as "Commander Zero" played a key role in overthrowing the Right-wing dictatorship of Gen Anastasio Somoza in Nicaragua in 1979.

The famous guerrilla leader and former deputy Defence Minister is now living in exile in neighbouring Costa Rica. He hopes to bring about the downfall of his Sandinista colleagues who, he says, have betrayed the principles of their country's revolution by failing to fulfil their promise to create a pluralist society and a mixed economy.

The Reagan Administration too would like to see the Left-wing regime in Nicaragua change. Washington accuses Nicaragua of arming the rebels in war-torn El Salvador. The Sandinistas, in turn, say the U.S. is backing a Central Intelligence Agency directed counter-revolutionary movement from Honduras where remnants of Gen Somoza's national guard have taken sanctuary and are making armed incursions into Nicaragua.

Sr Pastora, who is gathering a growing number of Nicaraguan exiles around him in his Revolutionary Democratic Alliance (ARDE), is as disillusioned with Washington as he is with his former colleagues. Peace, he argues, will never come to turbulent Central America if the Sandinistas remain in power and yet as long as Washington continues to support the guardians there is no chance of democratic change in Nicaragua.

"All we ask is that the U.S.



stops supporting the guard and allows Nicaragua to solve its own problems. Mr Reagan is doing the Sandinistas a great favour by supporting them," he says. The guard are intensely hated in Nicaragua for being little more than General Somoza's private army, which terrorised the population.

Sr Pastora, a swashbuckling

character who spent 18 years fighting against the Somoza regime and was the most popular guerrilla leader, says he offers a "third way" which will get rid of both Right and Left-wing extremes. But he says he is caught in the crossfire of confrontation between Washington and Nicaragua.

ARDE has grouped together businessmen like Sr Alfonso Nobelo, a member of the original Sandinista junta, dissident



Sr Eden Pastora

Nicaraguan national palace in 1978.

Sr Pastora insisted that he is not seeking a military confrontation in Nicaragua, but rather a political solution. The Sandinistas, however, have shown no desire to talk with Sr Pastora who is regarded as one of his associates, Sr Negro Chamorro, was involved in the coup and as a result he had been dismissed from ARDE. Sr Chamorro was recently deported from Costa Rica after arms were discovered in his car.

Sr Pastora lives in hope that history will repeat itself and that Nicaraguans will once again rise up against their Government. Then, he says, he would have no qualms about launching an armed invasion. Only history will tell whether he is an idealistic adventurer, or a man with a chance of success.

groups in Guatemala, a country wracked by political violence, to follow a social democratic path and avoid the radical course of the Sandinistas.

Last May, three months after arriving in Costa Rica, the region's only democracy, he was deported because the authorities there said his arrival could become a springboard for anti-Sandinista military activities, as it had earlier been a base for the Sandinistas against Gen Somoza.

Then went to Honduras where he said Gen Gustavo Alvarez, the country's armed forces head, invited him to join forces with the Somoza guard. But Sr Pastora wanted only a political base. "I will not allow the guard to use me," he said.

Costa Rica later allowed Sr Pastora to return to San Jose provided he promised not to become involved in military activities. In January several anti-Sandinista camps were discovered by the Costa Rican authorities near the Nicaraguan border.

Sr Pastora admitted that one of his associates, Sr Negro Chamorro, was involved in the coup and as a result he had been dismissed from ARDE. Sr Chamorro was recently deported from Costa Rica after arms were discovered in his car.

Sr Pastora lives in hope that history will repeat itself and that Nicaraguans will once again rise up against their Government. Then, he says, he would have no qualms about launching an armed invasion. Only history will tell whether he is an idealistic adventurer, or a man with a chance of success.

Caracas may move on private sector debt

CARACAS - The Venezuelan central bank may allow private sector companies to pay all external debts at the preferential exchange rate, bank officials said yesterday.

Under new exchange control regulations announced on February 28, the traditional rate of 4.30 bolivars per U.S. dollar would be maintained for the payment of public debts and those signed for IBM's machines.

The decree stipulated that the payment of short-term debts of private companies would only be allowed if they were stretched out over a three-year period beginning next year.

The decree brought protests from private sector companies which said the regulations were discriminatory and would lead to bankruptcies.

The central bank sources said the bank would also recommend that the preferential rate be granted for the payment of foreign debts by industry and commerce.

He said the central bank would begin selling to commercial banks dollars at the free market rate, which reached 7.45 bolivars on Tuesday.

The bank said its reserves totalled U.S. 9.1bn.

AP-DJ

Magnuson's cloud over plug-compatible computer makers

BY LOUISE KEOHOE IN SAN FRANCISCO

COMPETING head on with IBM for mainframe computer business can be deadly. Magnuson Computer Systems of San Jose, California, has finally conceded this by filing for protection from creditors under Chapter 11 of the U.S. bankruptcy code.

Magnuson is a "plug-compatible manufacturer" making computers that match the performance of IBM computers and run on software designed for IBM's machines.

The company has been struggling to survive for the past year. With assets of between \$8m and \$9m and liabilities of more than \$14m, Magnuson was fending off the inevitable, say industry analysts.

But the company has put up a brave fight, and is not giving up yet. Mr Charles S. Strauch, president, says he is "conducting informal discussions with two companies on the possibility of them buying all or part of Magnuson," but declines to identify the potential buyers.

Under Chapter 11, Magnuson that plans to introduce its first computer system next year.

But the companies that both Amdahl have left behind are floundering. Amdahl Computer recently reported sharply reduced earnings and Magnuson has filed for Chapter 11. The other major U.S. PCM, National Advanced Systems, recently closed its San Diego manufacturing facility and now sells only Japanese computers built by Hitachi.

The PCMs have also been involved in a number of alleged trade secret thefts that have reduced their credibility in the marketplace. A civil suit filed by IBM against National Advanced Systems is pending, following the conviction of Hitachi on charges that its employees stole IBM trade secrets.

Mr Strauch blames his company's Chapter 11 filing on IBM's aggressive pricing and product introductions, but Magnuson's problems go back a long way. Its financial difficulties first became clear when a takeover agreement with Storage Technology (STC), the Colorado-based computer sub-systems manufacturer, was withdrawn at the eleventh hour. In December 1981, STC had agreed to buy Magnuson for \$75m. In January 1982, the deal was cancelled when STC became fully aware of Magnuson's financial problems.

Magnuson's first public issue of stock in June 1980 soared from \$20 to \$25 as investors scrambled to buy position.

Reagan seeks more Salvador aid

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE Reagan Administration has surprised Congress by revealing it will seek up to \$100m in additional urgent military aid for El Salvador. This is almost double the \$60m the Administration was originally thought to be asking for.

The latest figure was disclosed to congressional leaders amid mounting signs that Washington is urgently seeking a political solution to the civil war in which the U.S.-backed government is fast losing the initiative to left-wing insurgents.

The problem of El Salvador, together with the Middle East, has in the last few days become

the most important foreign policy issue confronting the Administration.

Speculation was mounting in Washington yesterday that the Administration now favours a so-called "regional solution," which other countries would be brought into peace talks and Washington would play a more discreet role.

President Ronald Reagan remains firm in his insistence that there can be no direct negotiations between the government and the guerrillas.

Significantly, however, it became known yesterday that he had sent a letter to President Luis Alberto Monge of Costa

Rica supporting plans for five Central American countries—El Salvador, Honduras, Nicaragua, Guatemala and Costa Rica—to hold region-wide peace talks.

The proposed meeting was announced by Costa Rica during the Pope's visit to Central America last week. Washington is clearly hoping to take advantage of any momentum generated by the Pope.

The Administration is also increasingly sensitive to the possibility that Congress may attach conditions, possibly including a move to negotiations with the guerrillas, to any new military aid package.

Banks set to meet over Peru's request for loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE International Monetary Fund has asked commercial banks to reply by mid-April to Peru's request for an \$880m (\$578m) credit and refinancing of short-term bank credits.

This emerged yesterday following a meeting in London between European creditor banks and Peru's new Minister of Finance, Sr Carlos Rodriguez-Pastor at which the Minister outlined Peru's plans for meeting its external financing needs in 1983.

A 10 bank advisory group is expected to meet in the next

few days to begin talks on Peru's needs and outline proposals could be circulated to all the country's 250 creditor banks in the next two weeks.

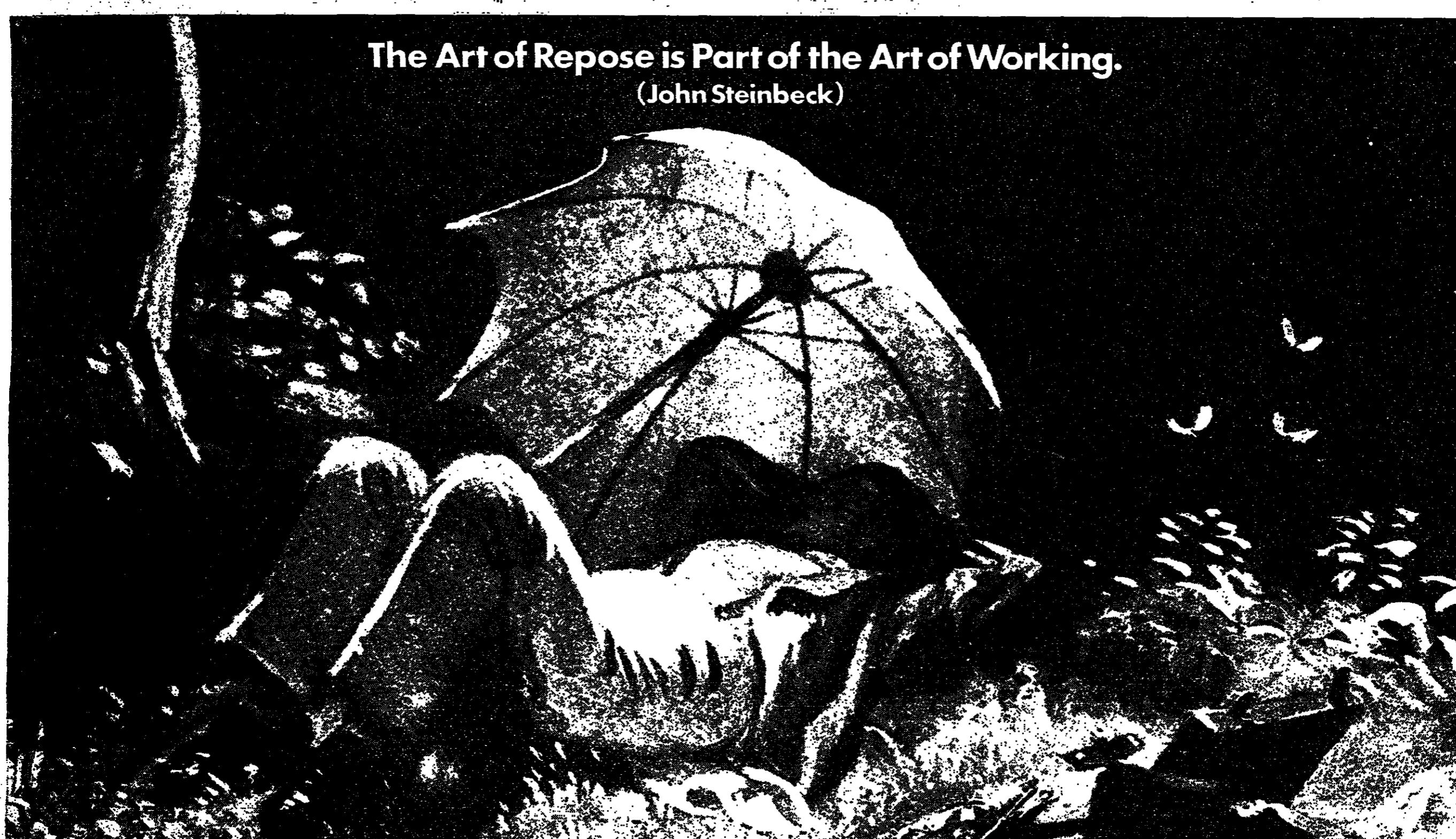
One point the committee is likely to examine closely is Peru's actual need for new money. The \$880m credit is intended to refinance some \$430m in medium-term debt maturing over the next year as well as provide \$450m in new money, a figure which some bankers feel is unnecessarily high.

A 200-page report by the panel said figures gathered from court records, Roman Catholic church sources, newspaper accounts and the victims themselves "show an evident deterioration of the (human rights) situation in relation to the four previous years."

A total of 1,780 people were arrested for suspected anti-government activity last year. One hundred of them reportedly being tortured.

AP

The Art of Repose is Part of the Art of Working. (John Steinbeck)



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WORLD TRADE NEWS

U.S. Exim Bank faces \$700m loss on defaults

By Anatole Katsky in Washington

U.S. EXPORTERS are claiming over \$700m in export credit insurance payments from the U.S. Export-Import Bank this year, as a result of the financial crisis in Mexico and other developing countries.

Despite these large losses the Exim Bank will "bear the responsibility for leadership in these troubled markets" and will continue to insure new lines of credit to Mexico and other major U.S. markets, according to Mr William Draper, the Exim Bank's President.

Mr Draper revealed the protected claims on the Exim Bank's credit insurance programme while testifying to the House of Representatives Foreign Appropriations Subcommittee on Tuesday. He said that \$240m in claims had already been received and another \$500m were expected by the end of the fiscal year, in September. The claims were "generated largely in Mexico" which is by far the largest Third World market for U.S. exporters. Argentina was another major problem country, he noted.

Mr Draper said that it expects most of the claims on the Exim Bank to be recovered in future years. "Many of them arise from transactions involving private buyers who will continue to remain in business. We also believe that governments will honour their obligations once they are again financially able to do so," he told the committee.

The Exim Bank has recently approved two new credit lines of \$100m each for Mexican importers, "as part of the worldwide effort to help Mexico," Mr Draper said.

UK consortium wins Dubai oil concession

By Ray Darter, Energy Editor

THREE UK oil exploration companies have been awarded promising drilling concessions in Dubai.

A consortium comprising Taylor Woodrow Energy, Cluff Oil and Saxon Oil has been granted a drilling licence covering an offshore area of 257 square kilometres (about 64,000 acres). The concession is located adjacent to the onshore-licenced area granted to British Petroleum last year.

The consortium has agreed to conduct a seismic survey of its concession over a nine-month period and to drill up to three wells during an optional two-year drilling phase. Taylor Woodrow will be the group's operator.

The Dubai Government said yesterday that further licences would be awarded in the near future.

Pakistan in market for \$110m-worth of aircraft

By MOHAMMED AFTAB IN ISLAMABAD

PAKISTAN International Airlines is in the market for up to \$110m-worth of wide-bodied aircraft, with prospects of more twin-jet purchases later.

The airline is considering purchase of an Airbus A-300 and a DC-10 for its international routes to the Gulf and to the Middle East and Europe.

Because of a cash shortage the airline, according to the executive, may eventually decide to purchase second-hand aircraft instead of new ones as part of its replacement programme, but has not finally decided.

PIA's decision to begin its replacement programme, which will start with the purchase of six Boeing 707s and may include the purchase of up to four twin-jet aircraft in around two years' time, follows a major shake-up of the airline which came close to collapse in 1981.



Kathryn Davies reports on the background to the city states' proposed underground railway

Singapore's \$5bn rapid transit bomb shelters

DOES SINGAPORE really need a mass rapid transit rail system; and does it really need to spend millions of dollars on bomb shelters?

These questions are not new. In 1980 a MRT review team, led by Mr Kenneth Hansen, brought a report from the U.S. His report said "our preliminary evaluation of previous studies and our first-hand investigations of the current situation in Singapore strongly indicate that the case for building an MRT is not compelling." The MRT was found to be "at best a marginal investment for Singapore." Mr Hansen said.

The Hansen team report felt that an all-bus transit system linking outlying satellite towns by increased express services to the republic's central area would provide a comparable service to the rail-based MRT at a lower cost. They also suggested a limited version of the MRT could include a single-line railway which would provide sufficient additional transport capacity up to 1992 and beyond.

The Singapore cabinet had difficulty last year in making up its mind about the viability of an all-rail system. The final decision was postponed taken on the casting vote of Prime Minister Lee Kuan Yew.

Feasibility studies going back to 1967 if laid end to end, would have made up a sizeable



section of track for the new railway. Groups of U.S. and British consultants laboured over engineering designs each, it was hoped, an improvement on its predecessors.

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UK NEWS

Ballot setback may force new strategy by miners

BY JOHN LLOYD, LABOUR EDITOR

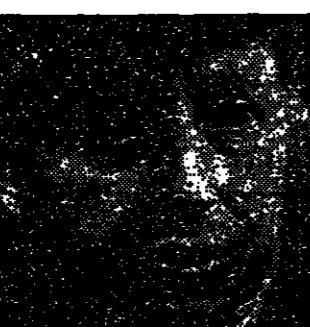
THE MINERS' union executive meets today to hear the result of a ballot which has brought a heavy defeat of its strike call, amid signs that some executive members may seek to enforce a change of strategy on the union leadership.

The result of the ballot which will be published today, now appears likely to be close to the 51.39 rejection recorded last November when the miners were faced with the twin issues of pay and closures.

While the actual presidency of Mr Arthur Scargill is unlikely to be challenged, his strategy - which has had the executive's support - is now seen as vulnerable.

This has consisted in interpreting to the letter militant resolutions passed at the union's annual conference, and refusing to negotiate on the positions set by these resolutions with the National Coal Board.

Mr Trevor Bell, general secretary of the union's white collar branch Coss, and the leading right-winger on the executive, said last night: "We have now got to rethink our



Scargill: Unlikely to be challenged

strategy in view of what members have told us. "Although they voted a militant into office [Mr Scargill] they have not agreed to a militant strategy. We have got to start using our strength and not our muscle."

The 12 right-wingers on the executive managed to win on a ballot vote at last week's special meeting, and have gained a measure of confidence. However, Mr Scargill is

likely to remain firmly in control, and it is thought that the dominant left group must itself decide on a change of course before a new posture is adopted.

• A signal of possible rebellion came last night when it was revealed that a motion to the conference of the union's power workers' section in April calls on a disaffiliation of the group from the national union.

Mr Roy Otey, an executive member and general secretary of the power group - which includes technicians, craftsmen and winders - said he did not believe the motion reflected disillusionment with Mr Scargill's leadership but that "a situation like the one we are just going through has led some people to think this way."

Underlying the power group's dissatisfaction, however, is a decision of last year's conference to integrate the separate groups into the miners' area organisation, a loss of independence to which many of them object.

Plea to boycott imported cement

By Michael Cassell

BRITISH cement manufacturers, alarmed at the prospect of a rising tide of cement imports, yesterday appealed to their customers not to purchase foreign supplies.

The appeal was accompanied by warnings that the quality of some foreign cement was not up to UK standards and that any large-scale increase in sales of imported products would threaten UK cement-making capacity.

The move, by the Cement Makers' Federation, is clearly designed to stem any significant upsurge in sales of foreign cement before it has a chance to get underway. The federation's action follows the recent arrival of small shipments of West German cement and comes in the face of several other suggested import schemes.

Although UK cement prices have risen by only 7% per cent since early 1981, the average price of in central London - customer location is an important element in the selling price - is now about £22 a tonne compared with around £15 a tonne for West German imports.

The Cement Makers' Federation said it deployed the arrival of imports and warned that, if foreign sales rose substantially, prospects for investment and employment in the industry would be threatened. Lost capacity, it added, would be difficult to replace and there was no certainty that foreign supplies would be available when demand increased.

Commander H. J. Pincock, director of the CMF, said that foreign cement was selling at lower prices because of lower energy costs and excess capacity. But he emphasised that UK manufacturers believed their prices were "fair and reasonable" in relation to overhead costs.

Labour MP Mr Arthur Lewis had asked whether the Government

Surplus on invisible trade halved

BY OUR ECONOMICS CORRESPONDENT

THE GOVERNMENT'S estimate of Britain's current account surplus on the balance of payments last year has shrunk by £750m in the last fortnight to £3.9bn.

The fall is due to a more pessimistic view of the surplus on invisible trade, in the official balance of payments figures for 1982 published yesterday.

These show that the surplus on invisibles is now estimated to have almost halved since 1981 to a total of £1.7bn.

The largest fall was in the balance of earnings from interest profits and dividends, reflecting the sharp increase in interest payments by UK banks in the last three months of the year. This was largely because of an increase in sterling deposits from overseas. Earnings from overseas subsidiaries of British companies remained depressed as a result of the weak state of the world economy.

The full balance of payments figures also show a huge discrepancy of £4.6bn between the current account surplus and the capital and other outflows which should theoretically balance it.

In the final three months the figure

even show a capital inflow to the UK. This is the opposite of what common sense suggests should have been happening in view of the £1.3bn current account surplus for the period. The unexplained discrepancy in the final quarter amounted to £350m in 1981.

This big gap, which compares with a "balancing item" of only £280m for the whole of 1981, casts considerable doubt on the accuracy of the figures.

The Central Statistical Office, which compiles the figures, commented yesterday: "At this stage incomplete and there is an abnormally high balancing item."

There is some suggestion that banks and other institutions have not been reporting overseas capital transactions adequately.

Latest estimates suggest that the surplus on invisible earnings in the second half of the year was only £285m compared with a provisional estimate of £1.3bn published two weeks ago, when the current account surplus was put at £4.7bn for 1982 as a whole.

For the year as a whole the deficit on sea transport (dry cargoes)

rose by 75 per cent to £870m, largely because of adverse movements in prices.

The deficit on travel rose by £100m to £408m, but the surplus earned on financial and other services rose to £30m compared with £4.6bn in 1981.

• In the House of Commons yesterday Mr Edward du Cann (Conservative) called for the contraction of Britain's manufacturing industry to be halted. While welcoming the progress made in limiting the rise in public expenditure he insisted that a great deal more still needed to be done, particularly in relation to the Government machine and its appendages.

"I believe it to be the fact that the Government has failed to do more than just sit up at the harsh economic medicine it has poured down the throats of the rest of us," he said.

Mr Peter Shore, Labour's Shadow Chancellor, accused Mr Leon Brittan, Treasury Secretary of abandoning complacency in facing a situation where the ruins of the Government's economic strategy lay all around him.

The claims by ministers that control of public expenditure and pub-

lic borrowing was the key to lower taxation and lower interest rates had been dispelled by the harsh reality of events.

Mr Shore argued that the cut in the sector borrowing requirement had been achieved by massive increases in taxation and underlined the fact that interest rates, far from falling, had reached unpreceded levels.

With bank base rates at 11 per cent industry and other borrowers were still having to carry a real interest rate burden of 11 per cent.

He renewed Labour's demand for a planned public expenditure programme to reduce unemployment and pointed out that the total cost of financing 3.5m unemployed was itself of the order of £17bn.

• The Government yesterday announced three new efficiency audits of public sector bodies to be carried out by the Monopolies and Mergers Commission.

The inquiries will be into the bus maintenance operations of London Transport, the merchant shipbuilding activities of British Shipbuilders, and into an aspect of the Post Office's operations.

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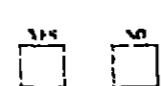
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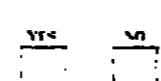
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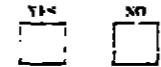
2. Is the idea you have in mind a real step forward?



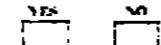
3. Have you worked out the feasibility of your project with a financial adviser such as an accountant or bank manager?



4. Are you totally convinced that you have the drive and commitment to see your enterprise through?



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Lloyd's studies report of Fidentia inquiry

BY JOHN MOORE, CITY CORRESPONDENT

THE COMMITTEE of Lloyd's of London, the insurance market, is poised to follow investigations by an internal inquiry team into the relationship of several of the market's insurance syndicates with the Fidentia Marine Insurance Company of Bermuda.

At its weekly meeting yesterday the committee considered the matter in an unusual move decided to reconvene today to study the inquiry team's findings.

There is considerable discussion among committee members about whether any further action is necessary on the matter. Lloyd's is taking extensive legal advice.

The formal inquiry team was set up last December to establish how much money had flowed to Fidentia from Lloyd's underwriting syndicates, the units into which all Lloyd's members are grouped, and the business arrangements of individual members of the Lloyd's market with Fidentia.

It is known that Fidentia gained more than £20m between 1971 and 1978 in premiums mainly from Lloyd's sources, including Alexander Howden and Swann, Gilmill Enthoven and Company (Reinsurance) and Bellway Parry and Raven.

These brokers helped arrange reinsurance for syndicates under the management of Brooks and Dooley Underwriting Agency. The parent company of Brooks and Dooley, Brookgate Investments, con-

trolled Fidentia between 1971 and 1978.

The inquiry team, of Mr Anthony Colman QC and Mr Stephen Hailey of Arthur Andersen and Co, were examining the affair under four main terms of reference. They were required by Lloyd's to examine:

• All quota share stop loss, excess of loss and other reinsurance premiums given rise to material premiums transacted directly or indirectly with Fidentia by Lloyd's syndicates numbered 89, 85, 588, 861, 880, 881 and 903 which are or have been underwritten by T. R. Brooks and others;

• The extent to which any person or "related person" connected with the managing agents of the syndicates or the brokers placing business has or had any interest in Fidentia or its holding and subsidiary companies, in the reinsurance themselves or the intermediaries;

• The conduct of members of Lloyd's, underwriting agencies and Lloyd's brokers and the impact of the transactions on the interests of the syndicates, the members of the syndicates and the brokers involved;

• The discharge of their duties and responsibilities, by all Lloyd's persons involved.

One of the areas of inquiry is the question of the ownership of Fidentia since 1978. Brookgate disposed of Fidentia in 1978 to an unnamed party for £850,000.

Dockers at Tilbury to strike

Financial Times Reporter

DOCKERS in the enclosed docks in London have voted to strike from Monday. A mass meeting yesterday in Tilbury voted by 4-1 majority to take action over a claim for parity of basic pay with white collar staff employed by the Port of London Authority (PLA).

The basic pay for dockers at present is £104.50p. The grade 5 staff, with whom they want parity, have a basic wage of £114.50p. Dockers however, receive a skill differential, bonus and overtime payments which take them above the take home pay of the staff.

Dockers claim, however, that they want parity to bring them into the Port of London Authority's graded and career structure.

For the Top Telephone and Telex staff ring -

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216.8 261.2 234.3 311.6 297.7 342.40 91.1

227.7 240.0 222.2 321.5 244.1 334.36 90.2

227.5 243.0 224.5 322.9 270.7 322.36 91.2

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226.2 244.5 242.3 321.9 295.5 322.56 91.7

228.0 246.1 245.1 324.5 298.5 322.18 91.5

Jeff not 156

7



Announcing a £1 billion training scheme to help put British business back on its feet.

Bewildered, battered and bloodied, the British business man and woman deserve something more than yet another patch-and-mend temporary stop-gap remedy.

We need a basic reconstruction of the way industry operates—especially training.

The new Youth Training Scheme is a vital foundation for that task.

It is a carefully planned, practical and permanent scheme to ensure that we create a work force for the future.

A work force capable of coping with the basic needs of every employer.

Here's how it works. All 16 year old school-leavers qualify as do some others. They will all get 12 months of training and practical experience.

We will provide grants for the trainees you take on. (Companies that normally take on school-leavers each year get an extra incentive. When you take on more than your usual quota, we will provide a grant to cover both your usual quota and the extra trainees.)

Of course, you'll want more details before committing your company to the

scheme. That's what the coupon and the phone number are for.

But one thing can be spelled out now. Without your help, we can't run the scheme.

With it, we can create the trained, competent young people to give this country the injection of energy, talent and ability it so sorely needs and which you have been looking for.

We have the budget to make the new Youth Training Scheme work—if you have the will. You need to do it today.

Before you're knocked flat on your back.

For further information simply dial 100 and ask for "Freefone Moorfoot" Mon-Fri 8.30 am - 6.00 pm or fill in the coupon.

To: Youth Training Scheme, Room E721, Manpower Services Commission, FREEPOST, Sheffield S1 4BR. No stamp needed.

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UK NEWS

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Orkney offers a unique environment for growing businesses. As well as many generous financial Development incentives we can offer you a landscape you might well consider visiting as a tourist rather than as a businessman. We already have some first-rate businesses well and truly established here - including food processing, electronics, and oil. From small co-operatives to the biggest multinationals. An excellent labour force. And ready-made premises plus development sites. Read all about opportunities in Orkney by sending for our free fact pack. Or if you would like to ask some questions straight away, telephone Alan A. Coghill on (0856) 3535 now.

Heseltine takes heart from Kohl victory

By John Hunt

MR MICHAEL HESELTINE, the Defence Secretary, yesterday argued that Herr Helmut Kohl's victory in the West German election would help the Conservatives in putting across their defence policy in the British general election.

"When you take the argument in the round it seems to me that the strength behind the Government's case is overwhelming," he told journalists at a Westminster lunch.

He said predictions that the stationing of cruise and Pershing missiles would result in a big swing against Herr Kohl had not been borne out. The highly publicised debate on defence in Germany did not seem to have made a great deal of difference.

From this he inferred that public opinion in Britain would not move very substantially from its present position on defence issues. In fact, he thought it was difficult to find an area of public debate where the Government had such an advantage and Labour such a disadvantage as on defence policy.

He quoted from a Nato defence agreement which Mr Fred Mulley had signed when he was Defence Secretary in the last Labour Government just before the 1979 general election. This agreed that "it would be necessary to maintain and modernise theatre nuclear forces."

Mr Heseltine said it was inconceivable that the Labour Government could have entered into such an agreement without the approval of a Cabinet committee, including Mr James Callaghan, the Prime Minister of the day, Mr Denis Healey and Dr David Owen, who is now a member of the Social Democratic Party.

He maintained that the public had made it clear that a large majority wanted Britain to have an independent nuclear deterrent.

"There is no way in my job that you can gamble," he said. "There is no way the Government will change its basic position on security and deterrents."

He insisted that the appearance of the Acclaim in the European markets would create problems. "If the local

Opel aims to increase European sales by 15%

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN GENEVA

OPEL, the General Motors subsidiary, aims to sell 1.1m cars in Europe in 1983, up 15 per cent from the 955,234 last year, said Mr Ferdinand Beickler, chairman and managing director, and a vice president of GM, at the Geneva Motor Show yesterday.

This would raise its European car market share, which went up from 8.3 per cent to 9.6 per cent in 1982, to more than 11 per cent.

A key element in growth, is the S Car, built at GM's new facility in Sangonera, in Spain, and sold on the Continent as the Opel Corsa. It will go on sale in the UK as the Vauxhall Nova.

The S Car project, which took GM into the small car business for the first time, is absorbing a major part of the group's US \$5.8bn investment programme for 1980 to 1984.

Mr Beickler said Opel expected

sales of S Cars this year to be 200,000 and for the vehicle to take 8 per cent of the European small car market where total sales are around 2.5m a year.

He referred to attempts by unions in Britain to exclude the S Car, and to suggestions that the British Government might act unilaterally against Spanish car imports.

Earlier this week, transport union workers at Vauxhall, Ellesmere Port in Cheshire voted to lift their ban on the car, but engineering workers at the plant have still to give their verdict.

I would like to express my deep concern about the new wave of narrow-mindedness, and one-sided national thinking with which a number of politicians and other interest groups want to tackle today's economic problems, Mr Beickler said.

Mr John Bagshaw, who heads

Vauxhall's car operations in Britain, said yesterday his company expects to sell around 2,700 Novas this year, following a launch in mid-May, and 30,000 in 1984 to give the car a market share of around 2 per cent.

Opel predicts that the total European car market this year will remain virtually unchanged at just under 10m, but will start to rise again next year to reach 11.5m by 1985, and 13m by 1990.

A gradual reduction in Spain's high car import tariffs would not give Austin Rover, BL's volume car subsidiary, much help in building up its minimal sales there, according to Mr Mark Snowdon, joint managing director, commercial.

Austin Rover sold only 1,200 cars in Spain last year, and, unless there is any major change in the tariff, expects that to increase to about 2,000 in 1983.

Opticians' charges show wide disparity

PRIVATE spectacle prices charged by opticians show huge differences with some opticians charging twice as much as others for making up the same prescription and frame specifications.

A Consumers' Association survey has found that in one instance there was a difference of £50 in the price quoted by London opticians for a pair of spectacles with an average price tag of £25.

The cheapest estimate is that range was £24 and the highest £193 for the same prescription and frame.

The association wants opticians to be allowed to advertise, but it wants the Government to look at medical evidence before sanctioning over-the-counter sales of spectacles by non-opticians.

Tax warning

ABOUT 500,000 tax assessments by the Inland Revenue every year are wrong, and one in every 10 Pay-As-You-Earn codings is wrong, according to the Which? tax saving guide published by the Consumers' Association today.

A third of the assessment errors are corrected by the taxman but the rest are not. "If you do not check your tax bill you may never discover what the taxman owes you," the guide says.

Strike halts Ford

ESORT car production at the Ford works on Merseyside was at a standstill yesterday. Three thousand workers are on unofficial strike over a management decision to discipline a worker for allegedly causing malicious damage.

Nil wage rise

FIVE THOUSAND production workers at the Perkins diesel engine plant in Peterborough, have been told there will be no pay rise this year until engine sales improve.

BL pledge on Honda venture

BY OUR MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, BL's volume car subsidiary, has given informal assurances to other European car manufacturers that the vehicles it will produce in the UK as part of its joint venture with Honda of Japan to make an executive car, code-named XX, will have a minimum of 80 per cent British content.

Rumblings of discontent among BL's European rivals about the joint project appear to be growing louder as the deal gets closer to completion.

One of the most outspoken critics of the arrangement, Mr Bernard Hanon, president of the Renault group of France, said at the Geneva Motor Show yesterday: "European manufacturers should not become Trojan horses to allow the Japanese into Europe."

He insisted that the appearance of the Acclaim in the European markets would create problems. "If the local

content is less than 75 to 80 per cent, these cars will be Japanese, and should be treated as such."

In France, Japanese car sales are restricted to 3 per cent of the market by an unofficial restriction on imports by the Japanese. In Italy, the total is kept to about 2,000 a year, while in Britain an understanding between the UK and Japanese market share under 11 per cent.

M Pierre Tibergien, head of Renault's car division, insisted yesterday that the Triumph Acclaim, made by Austin Rover under licence from Honda, was of 65 per cent Japanese content and, therefore, a Japanese car. "We have not made a furore about the Acclaim, but that would not be the case with XX." Austin Rover maintains that the UK content of the Acclaim is over 70 per cent.

The 80 per cent local content, measured by ex-factory value, aimed at by Austin Rover would apply to both versions of XX - one is likely to replace the current Rover Saloon, the other will be a Honda badge car.

However, the whole picture would change if Nissan, the Datsun group, was allowed to set up a car production plant in the UK and have a much lower local content - 60 per cent has been mentioned - in its cars. In that case, Austin Rover would be forced to switch to sourcing much more in the Far East, in order to compete with Nissan.

The engineering and design contract between Austin Rover and Honda is likely to be signed next month. Austin Rover will not have to approach the European Commission with formal notification of local (that is, European) content intentions until a manufacturing agreement is signed.

John Griffiths on a plea from industrialists in a world market

Car parts companies seek bankers' aid

ONE of the least documented UK industries, operating in a £112m-a-year turnover, has sought a better understanding of its problems from the UK banking system.

Nearly 100 bankers attended a seminar at London's Barbican Centre, organised as part of Autoparts '83, the UK trade exhibition aimed specifically at the automotive parts and accessories industry.

It is an industry led by £340m-a-year turnover operations such as Unipart, BL's parts and accessories division. It contains, however, at least 2,000 companies of much smaller size, many of which are seeking to tap fast-growing but fiercely competitive export markets.

It is also an industry under pres-

sure. Its total estimated exports last year compared well with the £2.06bn recorded in 1981, given the strength of sterling - but its hold on the UK parts and accessories market, worth an estimated £2.5bn-£3bn a year, slipped, with imports rising from £1.2bn to £1.5bn.

That party reflects the strength of imports in the UK car market. They account for about 55 per cent of total sales.

Speakers, from Mr John Neill, Unipart's chairman and managing director, to Mr Martin Stanbrook, managing director of Sedan International, a parts and accessories maker which survived severe financial difficulties several months ago, stressed that the fortunes of UK parts and accessories makers are no longer necessarily tied to that of

the few large UK suppliers which was profitable in 1982, and which is self-financing.

Smaller suppliers also believe that, within such a structure change, substantial opportunities exist, given a more understanding approach by finance.

A major factor in their thinking is the emergence of the "world car" - similar models built in all the major world markets.

Thus, while in the past a small UK accessory maker might have made parts for, say, a Morris Ital sold mainly in the UK, similar parts for the Ford Escort have a potential market spanning the world.

Many of the ideas for car accessories spring from the smallest makers, and the underlying criticism put to bankers was that the banks

were far too cautious in providing venture capital either for expansion or the introduction of new products.

Mr Stanbrook told the seminar: "If you are in the banking profession are not just going to pay lip service to the claim that you do provide a percentage of high-risk capital, then advertising the odd success story of a small entrepreneur made good is not enough."

He said he could not understand why the banks "put themselves into the position where they could lose hundreds of millions of pounds, as with the Mexican oil industry, yet expect their UK-based managerial system to bring down the wrath of on high when British manufacturers suffer temporary hiccups."

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At £275 and for 13 nights on a typical QE2 cruise in the Mediterranean, luxury is well in evidence.

The Cunard brochure for the QE2 says: "Not your style? Don't believe it. QE2 may have everything but that doesn't make her stuffy."

CITC calls the Mikhail Lermontov, refitted at a cost of £11m, both "the ultimate in cruising comfort" and "a complete holiday centre".

Two weeks on that ship round the Mediterranean in late July and early August costs from £485 for an inside four-birth cabin to £905 and slightly more per person for a two-birth cabin.

The main world cruising market is the US, especially in the Caribbean. It is for the US market that P&O is paying £150m for a streamlined new ship from Wärtsilä of Finland.

This and four other cruise ships under construction add up to £700m of investment.

Last year, cruising out of the UK dipped sharply as the QE2 and P&O's Canberra and Uganda were pressed into Falklands war service. P&O had claimed Soviet ships

would take much of the market but only 300 or so passengers actually swanned to CITC, which stated indignantly that it did not pirate people from the UK lines or intensify its marketing.

Passengers booked on cruises from UK ports were down to 33,500 last year from 64,500 in 1981. A further 22,000 UK residents took fly-cruises from foreign ports compared with 19,300 the previous year. The fly-cruise market is worth some £20m on top of that from UK ports.

The UK companies argue that CITC has boosted its market share from 14 per cent (13,300 berths) in 1980 to 26 per cent (21,400) last year, but CITC counters that 40 per cent of its business comes from continental passengers joining at Rotterdam.

Mr Eric Phippin, a CITC director, feels the British companies are thrashing about needlessly in their anxiety over Soviet penetration.

The UK operators, notably P&O, are sceptical. Even allowing for the continental share, they still feel CITC has pushed deep into the market. So there will be more talks when the 1984 plans are out.

Meanwhile, the UK companies are fairly sanguine. QE2 bookings, for example, are well up, says Mr Bernard Crisp, Cunard's marketing director.

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Jeffrey



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People carry international charge cards for a number of reasons; some for pleasure and some because they believe that a certain charge card says a lot of impressive things about them.

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TECHNOLOGY

SOUTH-EAST GEOLOGY WOULD SUIT RADWASTE, STUDY SUGGESTS

PWR wastes could be buried safely

BY DAVID FISHLOCK, SCIENCE EDITOR

THE MAIN bulk of radioactive wastes from a programme of pressurised water reactors can be buried safely in shallow repositories, probably in the clay deposits that streak the geology of south-east England. This is the conclusion of a preliminary study of the radiological impact of burying intermediate-level wastes from PWRs.

No potential British site for such a repository has yet been identified. But NIREX, the nuclear industry consortium responsible for radwaste disposal, is expected to name potential sites shortly, perhaps later this year. It plans call for Britain's first permanent radwaste repository, for intermediate-level wastes, to be commissioned in the late-1980s.

Sensitivity

Ms Marion Hill co-author of the study, published today by the National Radiological Protection Board, says: "that they found no need for NIREX, or radioactive grade, to go deeper than 20 metres in burying this kind of waste. Nor did the study turn up any surprises that might require NIREX to increase its estimated costs. But a sensitivity analysis still proceeding will give more confidence to the conclusion on costs."

The PWR produces about six times as much intermediate-level waste as the advanced gas-cooled reactors Britain is operating and installing today. These wastes include ion-exchange resins and filters, used to treat coolants and liquid effluents, and concentrates and sludges arising from effluent treatment.

The NRPB estimates the annual arisings from a 1,200 MW PWR at 30 cubic metres of high-activity resins, 15 cu metre of low-activity resins, 10 cu metres of concentrates and sludges, and 10 cu metres of filters, a total of 59 cu metres of intermediate-level wastes.

It assumes that this waste will be "immobilised" in preparation for burial; that is, it will be grouted into cement (or possibly polyester). If 200-litre steel drums are used as the basic container, this suggests a total of 140,000 drums will need to be buried during the 40-year lifespan of a programme of 12 PWRs.

The accompanying sketch shows the kind of repository envisaged. The burial trenches are 110 ft in length and seven would be needed to accommodate all the drums. This suggests a total site area of about 50 hectares (125 acres). Each trench is expected to be lined with concrete and filled with drums of waste to a depth of 11 metres below the surface of the ground. Gaps between the drums will be filled with cement to form a solid deposit of radwaste.

COST OF SCRAPPING 23m UTILITY METERS

Replacement would 'not be justified'

ACCORDING TO the marketing director of the Milton Keynes company, Immediate Business Systems, David Tompsett, "the enormous cost of scrapping 23m existing utility meters and replacing them with Calmu or Mansbourn terminals for two-way signalling cannot be justified, whatever proponents claim."

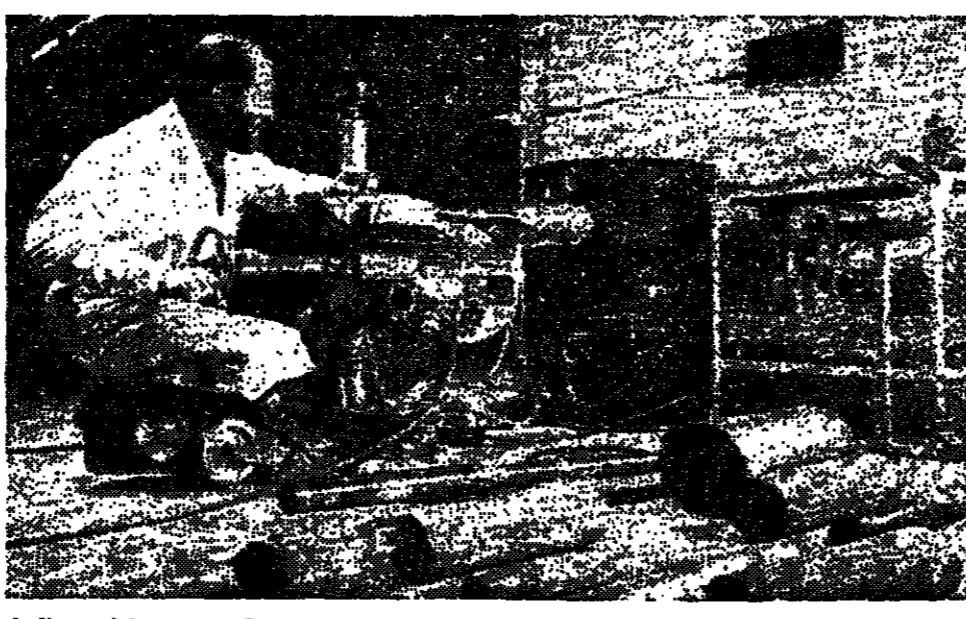
The two systems he mentions (this page, February 25), would use new kinds of meters to send the quarterly consumption figure automatically to supply boards' headquarter computers, at the same time displaying data to the consumer. The first uses a phone line, the second the

mains wiring itself to send the data.

Signals sent in the opposite direction could also allow electricity supply authorities to disconnect certain consumer loads (on an agreed reduced tariff basis) so as to "pop" peak demand and obviate the switching of extra generating plant that is relatively expensive to run.

Tompsett thinks the load control function would be best carried out by the proposed Radio Four nationwide one-way transmission system called Radio Teleswitch.

The remote meter reading developments, he believes, are



A diamond-impregnated core drill extracts a sample from the heart of a 200 litre drum of solid cement at the Radwaste Cementation Laboratory, Winfrith Atomic Energy Establishment. Below: the diagram shows the study's suggestion on burying reactor wastes

conference was told last month.

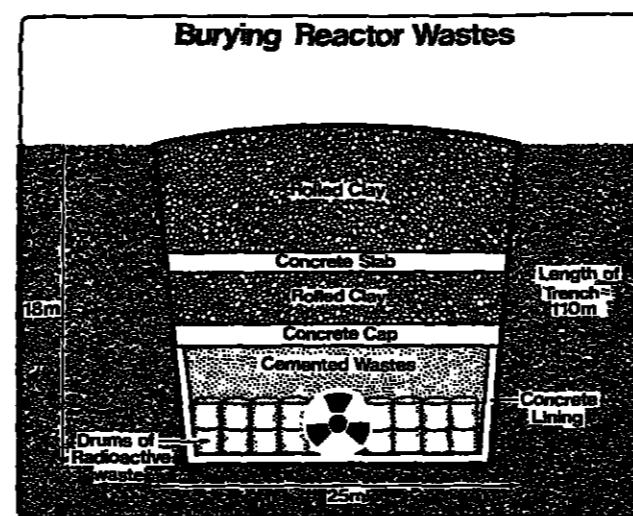
These "super-cements" were the subject of a packed meeting which drew several hundred scientists from such companies as ICI, Dupont and Tube Investments. A scientist with one U.S. aerospace group suggested that artificial intelligence would prove the key to wider acceptance of super-cements in the 1990s. Dr J. P. Sklar from Martin Marietta Laboratories in Baltimore said it would need advanced computer technology—the so-called expert systems—to allow engineers to use a large data bank efficiently to formulate a cement recipe for any particular task.

With such systems to aid designers and engineers exploit super-cements, he foresees a revolution in cement technology, and a much more sophisticated generation of cement technologists.

Dr Price is studying the implications of any change to a larger drum. He expects NIREX to want to change to a 500-litre package as the arisings of intermediate-level radwaste increase.

A still bigger package of radwaste he has begun to study is the "box" envisaged for bits of a decommissioned nuclear reactor. Present plans of the UK AEA concerning the dismantling of its Winfrith AGR propose cementing the big 50-ton blocks. But Winfrith is looking at the problem of casting boxes as big as 120 tonnes.

Further ahead lie the possibilities of developing much stronger cements. Cements with the strength of teeth and other top-strength living materials can now be made in the laboratory, a Royal Society of



enough to fabricate such articles as thin canopies to insulate noisy machinery, beds for machine tools, and base plates for domestic electronics.

Introduction

But the heart of the meeting lay in super-cements with properties akin to strong plastics, that can be fashioned by polymer technology. The secret of such cements lies in the introduction of small amounts of polymer. Dr Derek Birchall, of ICI's Mond Division laboratories at Runcorn, has shown how such cements can be fashioned into such unlikely items as a large coiled spring.

The key is the way polymer additions and novel methods of working the "dough" of cement can virtually eradicate pores from the material and turn it

into super-cement.

Dr Birchall said ICI has a European patent on the plasticiser it had discovered, but was willing to discuss the innovation with parties interested in using the technology.

"Radiological protection aspects of shallow land burial of PWR operating wastes. By A. V. Pinner and M. D. Hill NRPB-R 138, SO 44.

FRACTURE COSTS IN THE U.S.

Report highlights \$117bn annual bill

BY MAX COMMANDER

MATERIAL fractures in metals, the "117bn tab" for fracture and its prevention amounted to about four per cent of the U.S. gross national product, with the most significant costs incurred in the manufacturing, transportation and construction industries.

The report suggests that in a review of 150 sectors of the U.S. economy—motor vehicles, residential and non-residential construction and aircraft and parts topped the list of areas which were paying for fractures or prevention, but of the total cost of bulk fracture about 80 per cent was associated with prevention rather than actual breakage.

Battelle Columbus Laboratory in Ohio has conducted detailed economic analyses of the costs of fracture in industry generally. It was the first comprehensive study of the subject and directed by the National Bureau of Standards with support from such Government departments as defense, energy and the interior and the National Science Foundation.

The Battelle study considered such fractures within world metals and alloys, inorganic materials such as glass, concrete and ceramics, and looked at brittle fracture, ductile rupture, fatigue, creep and thermal shock.

The Battelle study team looked not only at the cost of structural failures due to fracture failure but also the costs resulting from pain to operators, injury, death, and medical treatment to victims, business delays and property damage, insurance administration, "environmental clean-ups" and possible prevention through better design and construction.

Battelle's assessment was that

materials would help avoid unnecessary over-design of parts and thus save weight and cost.

The report identifies technology as best in dealing with fracture control but suggests that better education, the establishment of mechanical property data banks and modernisation of standards, codes and practices could help to reduce fracture costs by another 24 per cent a year.

If manufacturers understood how and why fractures occur in various materials and structures they could take steps to reduce the causes.

The fracture study, which will be published in the next volume, concludes that the use of the present best available technology, and the results of present research would probably not reduce the remaining 47 per cent of fracture related costs, but the cost could be cut back by fundamental research breakthroughs, allied with basic research on crack initiation and growth, which might lead to the development of new fracture resistant materials.

The full report, "The Economic Effects of Fracture in the United States," will shortly be available from the U.S. Government Printing Office. Pre-prints of the National Bureau of Standards summary are available from Collier Smith, Division 3602, NBS, Boulder, Colorado, 80303 (Tel: 303-497 3188). Battelle is at Columbus, Ohio (Irene Zeldin, 614-424 7728), but the company has a London office, the Battelle Institute, One Regent Street, 15, Hanover Square, 01-482 0184.

Monitor Prices

A REAL time commodity prices monitor has been launched by Unicron News, a joint venture between United Press International and Commodity News Service.

The system, called Unique 11, has taken 18 months and £1.25m to develop and test. It is aimed at future traders and companies involved in commodity trading. More details about the system can be obtained on 01-933 1857.

Scanning system

Speeds of 90,000 an hour

DOCUMENTS carrying magnetic ink characters, optical characters and optical marks (MICR, OCR and OMRS) can be read at speeds of up to 90,000 an hour with a new processing system aimed at a wide range of commercial and financial applications and put on the market by OCR Scandata of Twickenham.

Called CIECO+PLUS, the system stores the captured data on magnetic disc or tape

before transmitting it at rates of up to 19,200 baud.

The system has full on-screen reject processing and IBM 2780/2780 compatible communication protocol is available from 1200 to 18,200 baud.

A typical configuration consists of processor with reader and sorter, the screen with keyboard, disc drive, communications device and printer. More on 0990 27111.

Cable—now the good news

Online Conferences is pleased to announce that, in the interests of the cable industry, there will now be just one international conference and exhibition this year in London.

Cable '83, designed and organised by Online, at the Wembley Conference Centre May 10th to 12th.

The Satellite TV and Cable Television Show scheduled for July at the Alexandra Palace, organised by Intech Exhibitions and sponsored by Satellite TV News, has been amalgamated with Cable '83.

Online has negotiated an additional floor at the Wembley Conference Centre to meet the extra space demands.

Companies scheduled to take part in the Intech exhibition have been invited to join Cable '83. Early indications are that the majority of exhibitors will be making the transfer knowing that a show timed so nicely (post Hunt Report and post White Paper) is too good an opportunity to miss.

The conference boasts an impressive speaker programme of more than 80 of the world's leading experts who'll cover every aspect of the cable industry. Cable '83 will present the clearest most complete cable picture to date.

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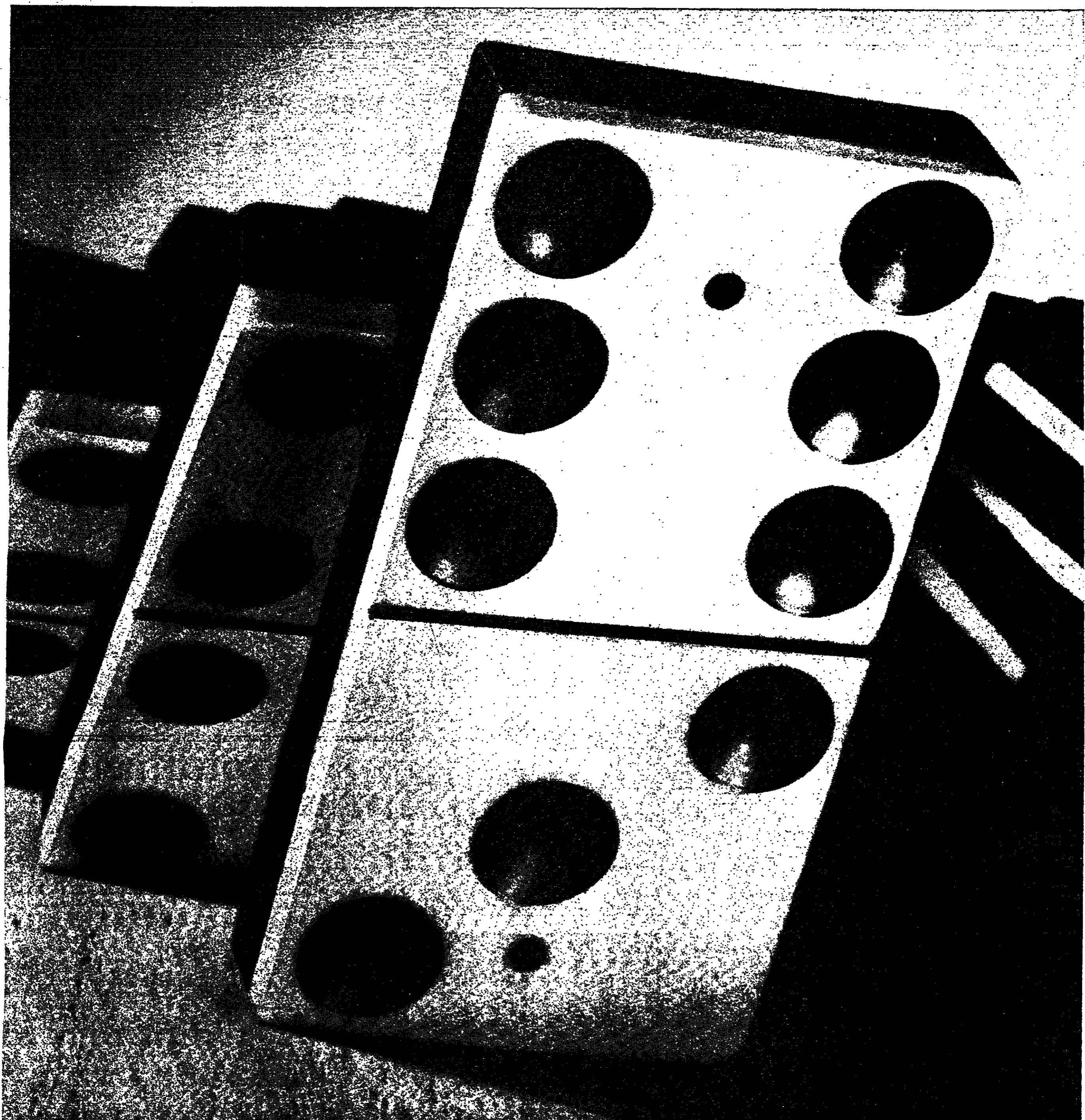
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THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

SCHICK distributed its razors through a cutlery wholesaler and changed the shaving habits of a nation. Wella shunned traditional supermarket outlets for shampoo, designed its products as "beauty aid," and sold it via drug stores and beauty parlours. McDonald's abandoned its U.S. strategy of putting eateries in the suburbs and concentrated on teeming city centres.

Such are the unconventional distribution strategies and marketing adopted by those Western companies which have been particularly successful in penetrating the supposedly impermeable Japanese market. Each of them has looked at all the well-known obstacles as a creative challenge—and come up trumps.

The ability to be creative in attacking the Japanese market is one of three key success factors cited in a wide-ranging new study by McKinsey and Co, the international management consultancy, in collaboration with the U.S.-Japan Trade Study Group. Called "Japan: Obstacles and Opportunities," it is a veritable goldmine of information on how leading western companies (mostly U.S.) have broken into Japan and of advice on how others might emulate or better their example.

Exporters and investors are being needlessly discouraged by misleading assumptions about Japan's business prowess, says McKinsey, and about the much-discussed problems of market entry. Not only is the market less controlled than is popularly believed (on counts, according to McKinsey it compares well with France and even West Germany), but U.S. penetration is already greater than generally thought: only 7 per cent of the major sectors of the market for manufactured goods have no strong U.S. presence, for example, although most service sectors are relatively untapped as yet.

Much of the fault for U.S. failures in the Japanese market lies with the Americans themselves, the study suggests. Some lack the single most critical success factor of all: long-term commitment to their operations in Japan. And as well as a few other, less well-known factors, the authors of the report call "competitiveness" in the sense of being prepared to take a market lead and finding the right local partners.

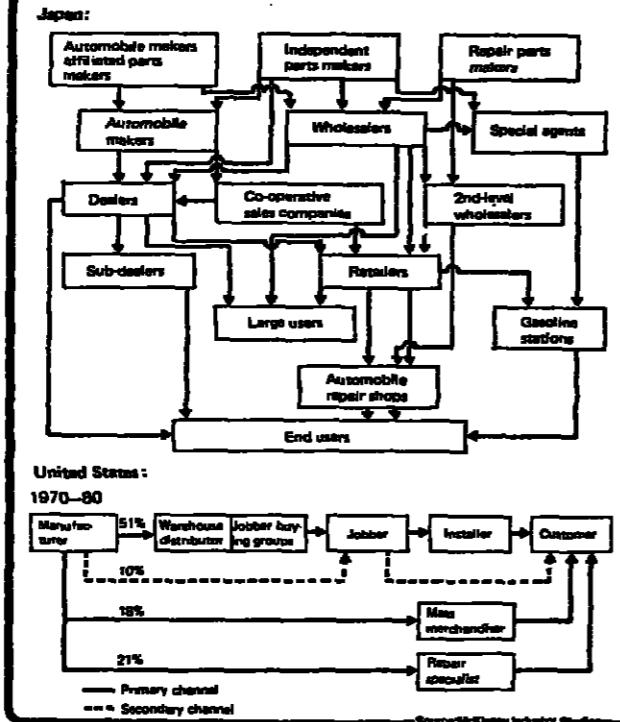
The study abounds with nuggets of exemplary information about the roads to success and failure in Japan. Take the extraordinary gaffes made by a host of U.S. companies, in failing to tailor products (sometimes literally) to the preferences and peculiarities of the Japanese:

"American merchandisers push such products as: oversize cars with left-hand drive, detergents which measure in litres, appliances not adapted to lower voltage and frequencies; office equipment without

How to reach the Japanese consumer

Christopher Lorenz on a new study which calls for "creative competitiveness"

Complexity versus Simplicity: How Motor Parts are Distributed in the U.S. and Japan



middlemen," says the study, "is largely a financing operation in disguise," one in which large wholesalers give smaller ones longer payment terms.

At the other end of the distribution system, wholesalers accept the return of unsold goods, vastly extending the range of products a small retailer can offer.

But this multi-layered distribution system has been coming under formidable attack in recent years, McKinsey points out. It is being both disrupted and shortened. "Sony, Sanyo, Pioneer and other assertive Japanese companies" have challenged traditional channels in domestic appliances and consumer electronics, as have companies in other sectors.

Among the challengers is Denki, "which exercises some

30bn worth of bargaining power as a direct chain store buyer."

At the same time, discounting entrepreneurs such as Best Denki, Jotoin Denki, Laox and Yodobashi Camera "are undermining the intricate network of franchised outlets set up by Matsushita, Toshiba and Hitachi."

And specialty houses such as Roberto's Men's Clothes "are disrupting links between manufacturers and captive wholesalers—referred to as those famous multifaceted links between Japan's great trading houses and many of the country's leading manufacturers."

In dealing with the wide range of other factors which can inhibit U.S. companies from succeeding in the Japanese market, McKinsey points to many factors within the U.S. firms themselves.

Notable among them are the clash between U.S. and Japanese expectations of profit levels, and the frequent U.S. failure to realize the need for a long-term commitment.

Since one of the main purposes of the study was to assess specific opportunities available for foreign companies in Japan, as well as to analyse general issues, the authors devoted considerable space to a sector-by-sector examination.

In addition to comparing the relative development of a wide range of industries, sectors and activities in both the U.S. and Japan, they attempted to provide sufficient data for readers to cross-map potential market opportunities with the extent to which Japanese firms are already moving away from exploitation.

They even went as far as to match some of the unexploited and indigenous market leaders back home in the U.S.

This analysis, which comprises three-quarters of the 200-page study, reveals such gems as the fact that the Japanese market for noodles, macaroni and spaghetti is 7.5 times larger in relation to GNP than it is in the U.S.; that imports from the U.S. take a sizeable share of the Japanese wood chip and paper pulp markets; and that U.S. imports also put up a fair showing in, of all things, frozen seafood products and medical and dental materials.

The five sectors examined in most detail were all in services: financial, computer software, medical, management, video tape rentals, and truck leasing.

They all illustrate what McKinsey calls the kind of "creative twist" which you need to have if you are to follow Schick, Wella, McDonalds and rather more futuristic businesses into the Japanese market.

Price \$24.95. Available from John Wiley and Sons Inc, 605 3rd Avenue, New York 10158.

kanji capabilities (Chinese characters on a typewriter); clothes not cut to smaller sizes; ketchup that isn't fatty and mayonnaise that isn't salty.

Companies which are disappointed in such misguided efforts tend to view Japanese consumers' rejection of their products "as a reflection of xenophobia instead of their own short-sightedness in not responding to the customer's special needs," claim the authors.

Frivolous examples of this sort abound, the study suggests. Altogether more weighty is the common complaint that the whole Japanese distribution system is biased against foreign companies and, therefore, constitutes one of the greatest non-tariff barriers of all.

To this the authors reply that the system is already undergoing a major change which is throwing up new opportunities

for entrepreneurial companies, be they Japanese or American.

It is true that the way in which products reach the ultimate user in Japan is one of the most surprising and convoluted in the world, McKinsey concedes.

As the illustration demonstrates all too vividly, primary, secondary and even tertiary wholesalers play a far greater role in Japanese distribution than in most other countries.

A low employment average applies not only to retailing, but also to a high proportion of manufacturing companies, and even, according to MITI statistics, to the capital intensive automotive, steel and chemicals industries.

Because of their own small size and limited resources, manufacturers look to wholesalers for help in many areas, say the authors, including finance. "The multilayered process, involving two or more

wholesalers, is a reflection of

the fact that the Japanese market for noodles, macaroni and spaghetti is 7.5 times larger in relation to GNP than it is in the U.S.; that imports from the U.S. take a sizeable share of the Japanese wood chip and paper pulp markets; and that U.S. imports also put up a fair showing in, of all things, frozen seafood products and medical and dental materials.

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Candidates wishing to sit the November 1983 examination should submit their applications before 31st March.

Advertising

Saatchi's plans for tackling Europe

WHEN invited to deliver a pro-EEC speech, many a British politician feels tempted to discover either a prior engagement or a sudden attack of laryngitis. The Community, however, holds no terrors for Saatchi and Saatchi Garland Compton which likes a "difficult sell"—particularly when the contract is worth £500,000 and the client is the Conservative Party.

This cache of Euro-money has purchased Saatchi's services for the European Democratic Group—the strong contingent of British Conservatives and two like-minded Danes in the European Parliament. The Group is required by the Parliament to commit itself by September to an information campaign designed to burnish the Community's image in the UK.

Altogether some £23m or £3p per voter, will be spent around the Community this year in an effort to encourage the average citizen to give a second thought to other than disinterest or disillusion at mention of the EEC.

Saatchi's bouncy and optimistic presentation to the EDC in January saw off two rival bidders for the contract—Lansdown Euro and Lonsdale. The timing of the campaign is still

a little uncertain but with the prospects of a June general election apparently receding, it may well come in two phases: between June-July and November-December.

The

prospect of a general

election is a serious complication, as Saatchi's presentation acknowledges. The run-up to an election jams the political airwaves with competing messages which could easily draw out the positive Euro-argument. The agency also says that it is essential that its campaign should complement existing Conservative publicity.

This should be easy to achieve since Saatchi will be holding both. For the European front the agency wants concentrated bursts of activity rather than a "lightweight drip campaign."

It plans to use party political broadcast advertisements in the national and regional press, audio-visual and cinema advertising—all with the aim of creating "the strongest possible platform" for the re-election of the members of the EDC in the EEC Parliamentary elections on May 17 next year.

How to make a political silk purse out of the European sow's ear? Basing its campaign on some independence and reduce food prices in particular.

"At a time of low and stable prices, with food prices actually having fallen, the opportunities for undermining this basic and EEC fallacy are great," says Saatchi a little falteringly.

The Saatchi campaign will identify and publicise the local or regional impact of EEC policies such as the benefits of the Common Fisheries Policy in fishing constituencies, social fund assistance for the textile industry in the North-West and Community funding of specific industrial projects.

Since the basic objective is the re-election of Conservative Euro MPs (although under Parliamentary rules this cannot be achieved by the agency's own strength). Saatchi has asked the Tories to make a special spending effort in the 25 most marginal seats. But judging by the number of Conservative MEPs applying for Westminster seats, not every member of the group is ready to leave his political future riding entirely on Saatchi's efforts.

JOHN WYLE

Ads for Sino supplements

IN A further extension of its

already ambitious horizons, the China Daily, the Republic's first post-revolutionary daily paper in English, has appointed an advertising agent for the UK and Europe.

Launched just 19 months ago in Peking with the help of the Thomson Foundation, the press training educational trust for the Third World, the paper has steadily increased its circulation to 80,000 with readers inside the Republic and in major foreign capitals. Its target circulation now is 200,000.

Originally the paper was aimed at foreigners inside the Republic as well as China-wavers overseas but in fact more than half the subscribers are Chinese, no doubt attracted by its freer editorial approach which includes letters to the editor, a strong section on international business and financial matters and by its Western-style layout. This is in marked contrast to more restrained official newspapers, which tend to toe the party line.

The China Daily has become something of a status symbol," says Colin Turner of the Colin Turner Group, which will be responsible for stimulating advertising business over the next three years, especially for regular supplements. "For anyone wanting to reach the country's decision-makers, this is an

essential way of doing it. Everybody who is anybody reads it."

A certain degree of prestige advertising is expected from European companies keen to promote their products inside the Republic, as well as interest from financial organisations—especially Western banks.

Launched just 19 months ago in Peking with the help of the Thomson Foundation, the press training educational trust for the Third World, the paper has steadily increased its circulation to 80,000 with readers inside the Republic and in major foreign capitals. Its target circulation now is 200,000.

Advertising rates are £7.50 per single column centimetre or \$1.31250 for a half-page measuring 24.5cm by 34.6cm.

Copies of the China Daily, normally available in the UK one week after publication, can be obtained from the Colin Turner Group

FINANCIAL TIMES SURVEY

Thursday, March 10, 1983

Austria

Next month Austrian voters go to the polls to give their verdict on more than a decade of Socialist rule. Under Chancellor Kreisky a consensus on major issues has prevailed and this has played a major part in the country's economic success

Realism mixed with flexibility

BY JONATHAN CARR

IN VIENNA they like to tell you "only last in 'est—that there has been no German "economic miracle" only in Austrian one. After all, it is argued, the Germans are hard-working and thorough so it is not surprising that they have done well in the post-war period. The remarkable thing is that Austrians are neither very hard-working nor very thorough—and yet in some ways they have done even better than their almost over-diligent neighbour.

The tale is worth recalling for two reasons. One is that it helps show that the Austrians do not take themselves too seriously. They have an ironic wit (not confined to the justly famed political cabarets) which helps keep even the worst elements of economic recession, bureaucracy and mismanagement in perspective. Not for nothing is it said that the Austrians naturally see their situation as "disastrous but not serious."

Secondly, all joking aside, even a brief glance at Austria's record must leave foreign

politicians, economists and sociologists half admiring, half sceptical. How is it that a land-locked neutral country of fewer than 8m people—the remains of a once-great empire but now half-ringed by Communist states—has been able to do so well?

Extremism

The 1914-18 war and the collapse of the Habsburg dynasty left Vienna on the eastern fringe of a small country rather than at the centre of an empire of some 50m Germans and Magyars, Czechs and Slovaks, Poles and Romanians. Extremism, violence and the Anschluss by Nazi Germany followed—then another war and foreign occupation with the country and its capital divided into four occupation zones (one of them Soviet). Only in 1955 did Austria regain its independence.

One effect was to toughen

Austrians and to provide a standard by which to measure present day difficulties. Those who for years faced questions like "Will we get enough to eat?" or "Will the Russians ever leave?"—who lost almost everything but who have survived to live well—won a certain equanimity which even today's economic problems fails to shake.

Naturally, that applies to older people above all—though there are signs that their attitude is being inherited by the young more than one might suppose. What clearly applies to everyone is that those decades of turmoil ground away at class distinctions—greatly diminished inherited privilege, made for a far more egalitarian society.

It is precisely because the

Austrians had to learn from bitter experience that their country is better able to face up to the economic and social challenges now.

Dr Bruno Kreisky, the Chancellor (left), and Dr Alois Mock, leader of the main opposition, the People's Party: they are largely in agreement despite the current election rhetoric

In this respect Austrian experience was somewhat like that of the West Germans, unlike that of the British or French. A spectacle like the Vienna State Opera Ball—with its debutantes, jewels and champagne—certainly proves that the Austrians nurture some traditions. But it should not be taken to mean that Austrian society has not changed since Johann Strauss.

Neutrality

That social factor born of historical experience is probably the crucial one for Austria

today. True, the country has a good spread of fairly small firms particularly flexible in recession (and big state-owned companies, some of which are cited as "models of over-manning" or "keeping jobless off the streets"—depending on your view). It is also true that Austria has a trade union organisation with a strong centre—which stops fringe elements from breaking out of line. Further, there is what amounts to a price control system (albeit a very flexible one in typical Austrian fashion) which helps union leaders argue the case for wage restraints with their members.

Critics talk about the "negative influence of the Balkans"—implying a tendency to conspiracy, sometimes breeding scandals which endure so long as to gain a tradition of their own. The classic example cited is the delay and corruption associated with the building of Vienna's general hospital—a project so long underway that so the Viennese wage claim, it will be completed only "when the Danube runs dry."

Whatever the truth may be in the charge about a "Balkan

effect" in Vienna you are constantly aware of the European success story. But what binds them together, and keeps them alive, is the recognition by everyone—employers, trade unions and labour force—that they are in the same boat. That consensus applies to politicians too, though the current rhetoric, because of the campaign for general elections on April 24, might seem to suggest the opposite.

Of course Austria is a small country and that helps a lot. You do not have to be in Vienna long to realise that a lot of key business is done through "unofficial channels." Peruse official reports, haunt ministries and offices—and you will still wonder at the end of it how Austria works, who takes the decisions and where. You will find out, at least part of the answer by noting who meets whom in the coffee houses, in the Heurigen (wineshops), even—so one hears—in the saunas.

The state seems to run through a series of nods, winks and whispers which are hard for outsiders to perceive and are certainly not statistically quantifiable.

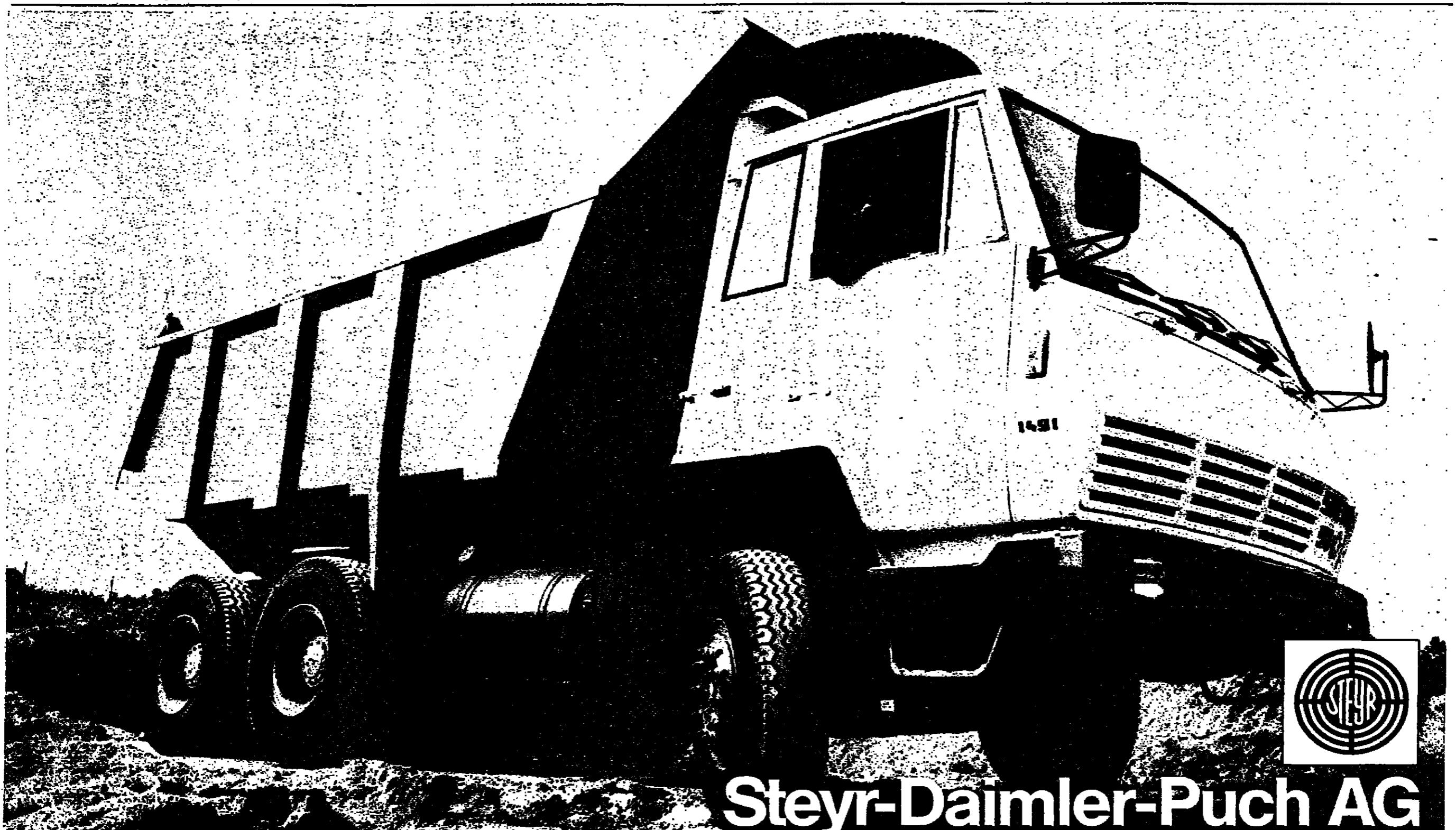
Austria certainly needs good relations with the Communist east—from which it receives much of its imported energy, especially natural gas. But to have the strength to maintain its democratic, neutral status it needs the support of Western Europe and—less obviously but vitally—of the U.S. too.

Dr Bruno Kreisky, Austria's socialist Chancellor since 1970, has long proved a master-coaxing Washington, nudging Moscow, doing what he can to help bring a Middle East settlement, where failure could bring superpower confrontation

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WITH THE campaign for the general elections on April 24 in full swing most observers agree that perhaps never before has the outcome of an Austrian election been so unpredictable.

For the first time voters who are disenchanted with the three parties represented in Parliament have the opportunity to vote for a rightist or a leftist Greens movement. Both the ruling Socialists and the two opposition parties agree that the shape of the future government will depend in no small degree on the performance of the anti-establishment movements.

What, then, has happened? Dr Bruno Kreisky, 72, the socialist leader, has been in office as federal chancellor since 1970 longer than any of his predecessors since the break-up of the Austro-Hungarian monarchy. Yet according to the latest opinion polls, he is still by far the most popular Austrian politician.

Under his leadership since February 1967, the Socialists have won four general elections, the last three with an absolute majority. This was both a record in European politics and a historical turning point in the People's Party.

Confidence

Before 1970 the Socialists could capture only between 42 and 44 per cent of the popular vote. Through Dr Kreisky's new-style politics, which won the confidence of vital portions of the middle class, the Socialists have become the majority party elected by one of Europe's most conservative electorates.

What is particularly important is that Dr Kreisky has always been more popular than his party. The so-called Kreisky-voters tipped the balance in 1971, 1975 and 1979 in favour of an absolute majority. This is why the party leadership, including even some of his secret enemies, time and again pleaded with the Chancellor, who has had eye and kidney troubles, to lead the party once again at the forthcoming elections.

In the meantime, however, two things have happened. Although Austria still has one of the lowest rates of both inflation and unemployment in Europe, a period of unprecedented growth (close to 50 per cent rise of the GNP in real terms between 1970-82) has ended and the massive budget deficit coupled with the increas-

AUSTRIA II

Elections see debut of fringe parties

coition partner the socialists will choose if and when they lose the absolute majority.

The next question inevitably concerns a future Socialist Chancellor, since Dr Kreisky has made it clear that he is not going to head a coalition government.

In view of the likelihood of the Socialists emerging as the strongest party, the forgoing conclusion is that if the Socialists lose their absolute majority, the next Chancellor will be a member of the current Vice-Chancellor. The former minister of education and deputy chairman of the Socialist Party was born in 1929 and is a man of consensus, acceptable to practically every political group.

When, then, do political pundits and journalists keep insisting that the race has been thrown wide open? The reason is the electoral system. In contrast to Germany, there is no 5 per cent hurdle. A party must gain one so-called basic seat in Parliament. This means, depending on the number of the eligible voters in a given district or region, that a hurdle of a certain number of votes has to be passed. For example, the Greens and other fringe groups in Vienna need about 28,000 votes, the equivalent of 2.77 per

cent of the valid votes, in order to get a basic seat.

Once a party has captured one basic seat, it will also participate in the sharing out of the rest of the votes within a large region, which are allotted according to a complicated system.

The point is that a party can receive theoretically between 4 and 6 per cent, or even more, of the overall vote, without being represented in Parliament. This is the reason, for example, that the communists, since the loss of their only basic seat in a Vienna industrial suburb in 1959, are no longer in Parliament. In the meantime their popular vote has shrunk to less than 1 per cent.

Main question

The main question which no one can answer today is simply whether the so-called "united Greens" with rather rightist leanings, or the "alternative list" with a distinctly leftist colour, will capture one basic seat in one of the main electoral regions.

Another uncertain factor is the result in Vienna. Here the Socialist municipality shifted its date of the local elections forward from next autumn to April in the hope that on the coattails of Dr Kreisky the Vienna party will be spared

heavy losses. Will the Viennese voter punish the local Socialists but vote at the same time for Dr Kreisky on the Federal ballot? Will he or she go to the polls at all?

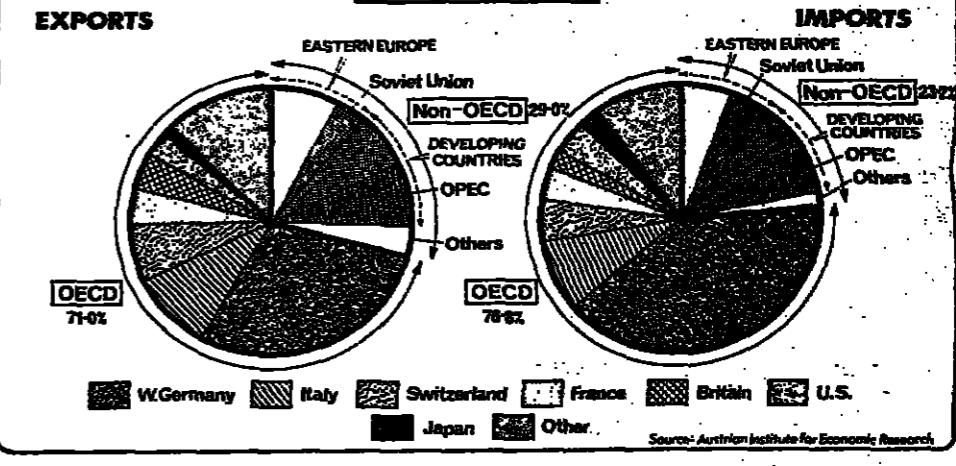
At the last federal elections, 92.20 per cent of the eligible voters voted. But at the Vienna municipal elections 10 months earlier almost a quarter of a million voters failed to turn up on election day. Last but not least, the latest census has produced a slight shift in favour of western Austria: one seat from Vienna and one from Styria go at the next elections to the western provinces. This means that regardless of the actual outcome the Socialists have already lost one seat.

The proportion of the undecided, floating voters is thought to be still unusually high. The forthcoming television duels of the three main party leaders may marginally affect the final results. But the key to the next general election is whether the Greens will win one basic seat somewhere and thus automatically several others. Vienna is an island of sanity and prosperity, precariously poised on the dividing line between the democratic West and the Communist East, is perhaps the greatest tribute both to the Kreisky era and to the underlying strength of the entire political system.

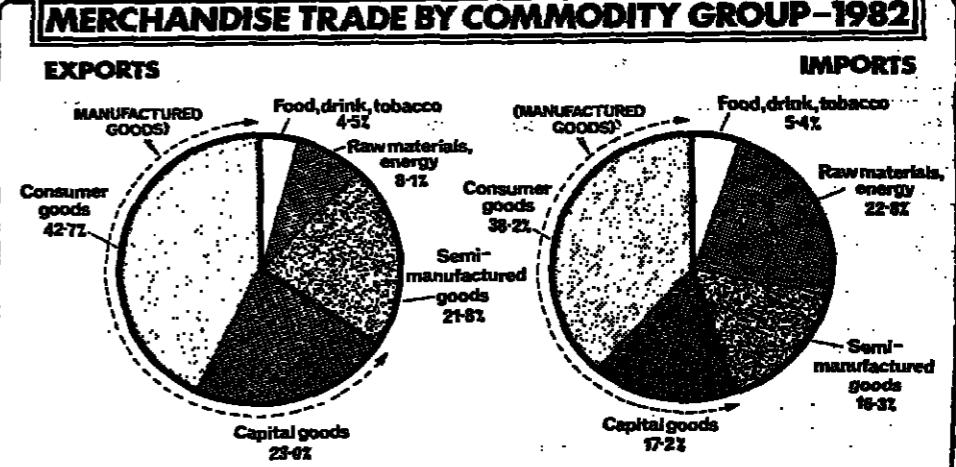
Paul Lendvai

Exporters win fresh laurels

TRADE-1982



Source: Austrian Institute for Economic Research



Source: Austrian Institute for Economic Research

Marion Sedger

AUSTRIA'S SHARE OF IMPORTS
(percentage change against previous year)

	1981	1982	(first half)
WEST EUROPE of which:	-2.5	+4.9	
EEC	-1.6	+5.2	
West Germany	-2.4	+7.3	
Italy	-4.3	-12.1	
France	+3.0	+22.3	
Holland	+3.5	+5.4	
Britain	+12.5	+7.0	
Denmark	-6.7	+24.3	
EFTA	-2.2	+1.4	
Switzerland	+4.9	-0.1	
Sweden	-4.6	0.6	
Norway	-11.7	-3.2	
OECD OVERSEAS	-11.2	+36.7	
of which:			
U.S.	-3.2	+52.2	
Canada	-17.4	+23.7	
Japan	-13.7	+4.5	

Source: Austrian Institute for Economic Research

The U.S. market is a case in point — too big for the smaller Austrian companies to approach alone but full of opportunities to be scooped up with a bit of help. Last year no less than 65 Austrian firms took part in the "Austria salutes California" exhibition in Los Angeles.

For many it was the first direct contact with the west coast market and as it turned out an important eye-opener to the chances on offer.

That general point apart, Austrian exporters naturally benefit from a comprehensive system of state guarantees and there is a special programme to cover the interest rate costs of medium and small businesses seeking to finance deliveries abroad.

But perhaps the most comprehensive help of all comes not from the state as such but from the foreign trade section of that almost omnipresent body, the Austrian Chamber of Economy. Most businesses belong to this organisation which has dozens of offices abroad and not only advises exporters on market opportunities, financing, local customs and so on but lets importers know about suppliers keen to sell in Austria.

The shock might have led to a policy of currency devaluation to try to maintain a price advantage in European markets. Indeed there was some pressure for this. But the argument prevails — that a hard schilling keeps up pressure on exporters to modernise and rationalise, while helping to probe effectively for foreign markets.

The Habsburg Empire, after all, used to cover much of the area of what is now Communist Eastern Europe and despite all upheavals and ideological differences, links between Vienna

and the East remain close. So it is that the Comecon states account for about 11 per cent of both Austria's exports and imports.

Last year, despite the big debt problems in Poland and Romania in particular, Austria was able to boost its exports to Comecon by 3 per cent while cutting imports by 7 per cent — thus reducing its trade deficit with this region from a record 13th schillings in 1981 to 7.5th schillings.

The key reason for the improvement is that roughly 60 per cent of Austrian imports from Comecon are of energy. With energy prices weak and volume imports down, Austria's bill here fell steeply. The crucial question for the trade balance now is how far the Eastern European countries will be able to absorb more imports when Austria's economy picks up more strongly and its energy import bill at least stops falling.

Austrian experts note that thanks to a big belt-tightening operation in Eastern Europe last year, Comecon's debt in Austria did not increase beyond the 1981 figure.

The cautious hope is that there may be a modest upturn in East European trade this year — but no one is placing any bets on it.

Jonathan Carr

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AUSTRIA III

Why all eyes are on economic summit

IT'S A long way from Vienna to Williamsburg, Virginia. But Austrians have good reason to watch the economic summit meeting being held in that small American town in May with bated breath. One could even argue that the outcome of the gathering will be more crucial for Austria's economic future than the result of the general election being held on April 24.

If the Western world's seven major industrial nations can agree in Williamsburg to boost growth (perhaps along the lines of the "package deal" recently advocated by West Germany's ex-Chancellor Helmut Schmidt), then Austria will be among the first to benefit from the spinoff. Roughly three-quarters of its trade is with the countries of the Organisation for Economic Cooperation and Development— and easily its biggest single market is another in neighbouring West Germany (a major summit participant).

If no growth strategy emerges from the "big seven," then Austria's economic problems seem bound to increase and its scope for dealing with them will be limited—not matter who wins the April election, the present Socialist government or the (conservative) opposition Peoples' Party.

That is not to deny that so far the Austrians have achieved remarkable (albeit relative) economic success, which many

bigger countries would love to be able to emulate. Presenting his 1983 budget to Parliament last October, Dr. Herbert Salcher recalled that Austria's unemployment rate was less than half the OECD average, that inflation had dropped below 5 per cent at an annual rate, that the current account was "almost in balance" (it is now in surplus), that the economy had grown in real terms since 1970 by about 50 per cent and that, last but not least, public sector debt per capita was even lower than in Switzerland.

Improvement

All that is true—and it would be wrong to suggest that there are no flickers of light even in the latest economic data. The improvement in the current account has been matched by Austria's foreign borrowing. Industrial orders at the turn of the year were stable, albeit at a low level. Retail sales were holding up quite well, in marked contrast to the weakness of this sector in West Germany. The construction industry was benefiting from the mild winter—although tourists on the ski slopes were complaining about lack of snow—which shows you cannot please everyone all the time.

That said, at the end of December there were 155,700

people out of work, a rise of one-third on the figure a year earlier and a seasonally adjusted unemployment rate of about 4 per cent. To British, American, French—and even West German—ears, that rate sounds like a dramatic success, indeed like almost full employment. But in the Austrian context, which after all is what matters to Austrians, it is worrying.

For roughly two decades—until 1980—unemployment in Austria averaged less than 2 per cent of the labour force. This low jobless rate was one key element in that "social consensus"—the close understanding between government, employers, trade unions and labour—which itself goes far to explain Austria's economic success.

Over the past two years, the rate has doubled and the number of jobless has far surpassed the psychologically important 100,000 mark. There are two main reasons—one economic, about which the government can do something but not a lot. The other is demographic—and poses an almost intractable difficulty, especially over the next few years.

On the economic side, Austria is suffering from the same problems of deflation afflicting virtually all industrialised countries since the second oil crisis of 1979. Some experts argue that these problems are intensified because Austria has done too little—above all in the State industrial sector—to rationalise and adapt itself to new customer needs over the past decades.

Yet the economic structure table reproduced on this page shows well enough that Austria has been through something of an economic revolution since 1960. The emphasis has shifted away strongly from agricultural employment and exports of primary products towards the services sector and foreign sales of manufactured goods.

The small and medium-sized enterprises which make up the great majority of Austria's businesses have played a key role in this development—and their flexibility is helping to soften the impact of recession now. But the role of state-owned industry has not been wholly negative either. True, the sector has tended to hoard labour and has not always been quick to adapt—though even here there are honourable exceptions.

But even where there has been labour hoarding, it should be seen in the context of that "social consensus," the almost complete absence of strikes and the Government's evident conviction that unemployment is a worse problem than debt.

That strategy can well be undermined so long as an economic upswing seems to be just around the corner and the public sector deficit is still within tolerable limits. Finance Minister Salcher is right in saying that Austria's public debt, per capita, is low by international standards. But the federal government's deficit has been growing very sharply, from a net figure of 27 billion schillings in 1980 (about 2.8 per cent of Gross Domestic Product) to around 43 billion schillings (more than 4 per cent of GDP) last year.

That is the economic—and financial—reason why Austria badly needs to see a Western growth strategy emerge from which will quickly profit. But even if the upswing comes, that of itself will not solve Austria's unemployment problem. That jobless rate in the 1960s and 1970s was due not only to a strong increase in output but also to a low growth of the labour force—on average about 0.25 per cent annually compared with well over 1 per cent for the OECD area as a whole. But in recent years Austria's population of working age has been increasing by about 0.75 per cent a year—and the supply of jobs has not kept pace.

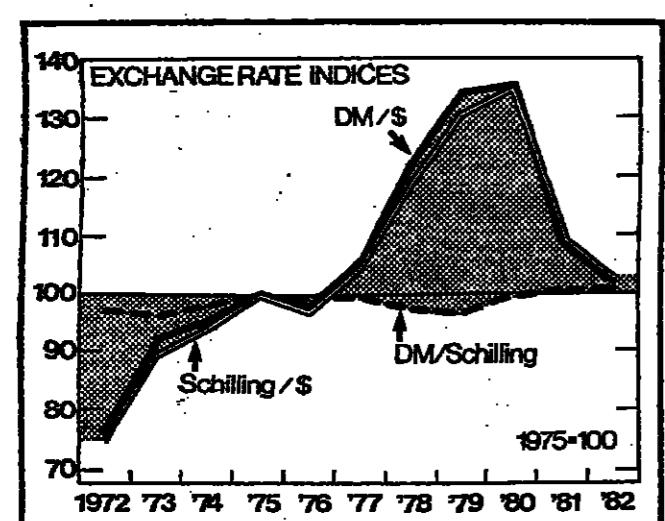
Indeed, growth remained slow, revenue fell—and the Government introduced special programmes, intended to boost investment, support both nationalised and private industry, and increase building activity in high jobless areas. Hence the rise in the deficit.

Now Dr Salcher plans to hold the 1983 net deficit to 47.9 billion schillings or about last year's final figure. But if the economy again fails to perform as strongly as hoped—their Government (whichever it will face in power after April) will face a hard choice.

Will it again try to introduce special investment programmes—despite the high deficit level? Will it raise taxes, perhaps

to help the deficit? Will it again try to introduce special investment programmes—despite the high deficit level? Will it raise taxes, perhaps

to help the deficit? Jonathan Carr



ECONOMIC STRUCTURE (% of total)				
	Austria	Industrial economies	1960	1980
Employment				
Agriculture	24	9	18	6
Industry	46	37	38	36
Services	30	54	44	56
Exports				
Primary goods	48	17	34	25
Textiles & clothing	18	9	7	5
Machinery & transport	18	27	25	26
Other manufactures	28	47	38	34

Source: World Bank

Losses mount in state industries

DESPITE its postwar economic success in achieving growth without an unacceptable degree of inflation, Austria has struggled like most other countries to produce a coherent industrial policy. However, even during the 15 years of the Socialist era, the Government and the two sides of industry have found at least a way of living with the problem of industrial change.

This time-honoured policy of muddling through has also been deeply characteristic of the way in which subsequent governments have tended to deal with the state sector. It is not generally known that perhaps no other major industrial country in the West has as large a public sector in industry as Austria. Thus, according to provisional estimates, OIAG, the state holding company for the nationalised industries, accounted last year for 28 per cent of the aggregate value produced by domestic industry, 24 per cent of industrial investments, 21 per cent of overall exports; and 18 per cent of the total industrial labour force.

The Austrian Parliament in 1984 unanimously passed a law nationalising some 70 enterprises. Nationalisation had nothing to do with ideology. It was an act defending national sovereignty over important firms which were formerly German property and would have been taken over by the Soviet occupation authorities.

Thus the state mining, steel and special steel, oil and aluminium industries as well as large chunks of chemicals, electrical and engineering were nationalised along with the two largest banks, Creditanstalt-Bankverein (CA) and Oesterreichische Laenderbank. The banks in turn possess large industrial holdings, employing over 12 per cent of the industrial labour force.

In theory, everybody in Austria is in favour of investments and subsidies which reduce dependence on basic industries and traditional consumer sectors. Similarly it is generally agreed that domestic and foreign investments should go to technology-intensive and sophisticated sectors such as

microelectronics, instruments and control, specialised machinery, automation, energy conservation, and recycling, telecommunication and consumer electronics.

Yet in practice the Government, political parties, unions and media in their editorials which would have been hit by ruthless rationalisation have always managed to forge a powerful coalition which in turn successfully blocks the redeployment of labour and capacities. Therefore it would be both unwise

to Excluding small-scale and energy.

Source: OIAG.

and unjust to blame alone the Socialist Government or the managements of the nationalised firms for the crisis that has now developed.

The net result is that all the country's state industries are in deep trouble. Industrial change is no longer possible without upheaval. The OIAG group suffered losses of Sch 6.3bn in 1981 and Sch 5bn last year. The federal aid package approved by the Socialists and the main opposition People's Party in Parliament last November to the tune of Sch 3.5bn is unlikely to cover the losses until the end of 1983. With the chemical and aluminium sectors also in the red, observers reckon there will have to be further massive federal assistance in the region of Sch 3.5bn in 1983-84.

The bulk of the losses were accumulated in the steel sector. Voest-Alpine. The steel and engineering concern, posted a loss of Sch 3bn in 1981 and Sch 3bn last year. Within this overall figure, VEW, the special and stainless steel subsidiary,

was primarily responsible for the deficit.

Yet at the same time, Voest-Alpine is a household name in the world engineering league. Between 1974-1982 the proportion of steel in the company's aggregate turnover fell from 52 per cent to 30 per cent while the share of engineering jumped from 6 per cent to 24 per cent.

In the course of diversification, Voest, for example, embarked on an \$80m joint venture with American Microsystems Inc. (AMI) to produce semiconductors.

Yet, it remains true that almost everything in Austria is not quite what it seems to be. The nationalised industries are neither much better nor worse than the rest of industry.

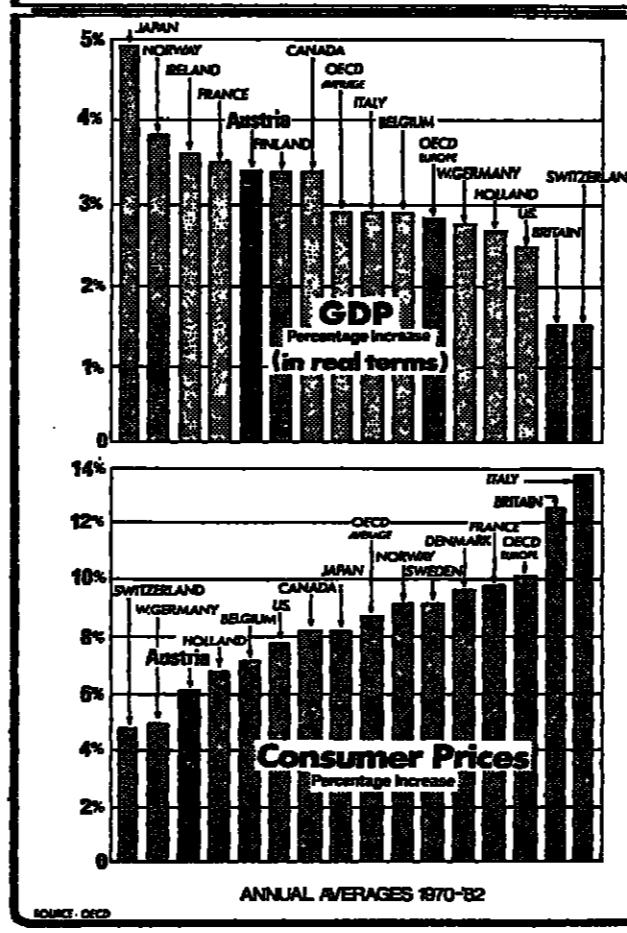
Even well-run, highly competitive enterprises which have not been nationalised have been feeling the pinch. In the vehicle sector, for example the highly diversified Steyr-Daimler-Puch (which is controlled by the Creditanstalt-Bankverein) has been forced to introduce short-time work.

True, it has had further successes with its arms exports—a field in which Steyr moved in a big way in the second half of the 1970s. But the weakness of industry generally, not least the construction sector, has depressed demand for commercial vehicles which are a Steyr speciality. Much the same goes for another major commercial vehicle manufacturer, the Oesterreichische Automobilfabrik (OAF).

Whoever wins the elections in April, there is no prospect of an early, let alone dramatic, break with the Austrian tendency of living with instead of solving basic problems.

Paul Lendvai

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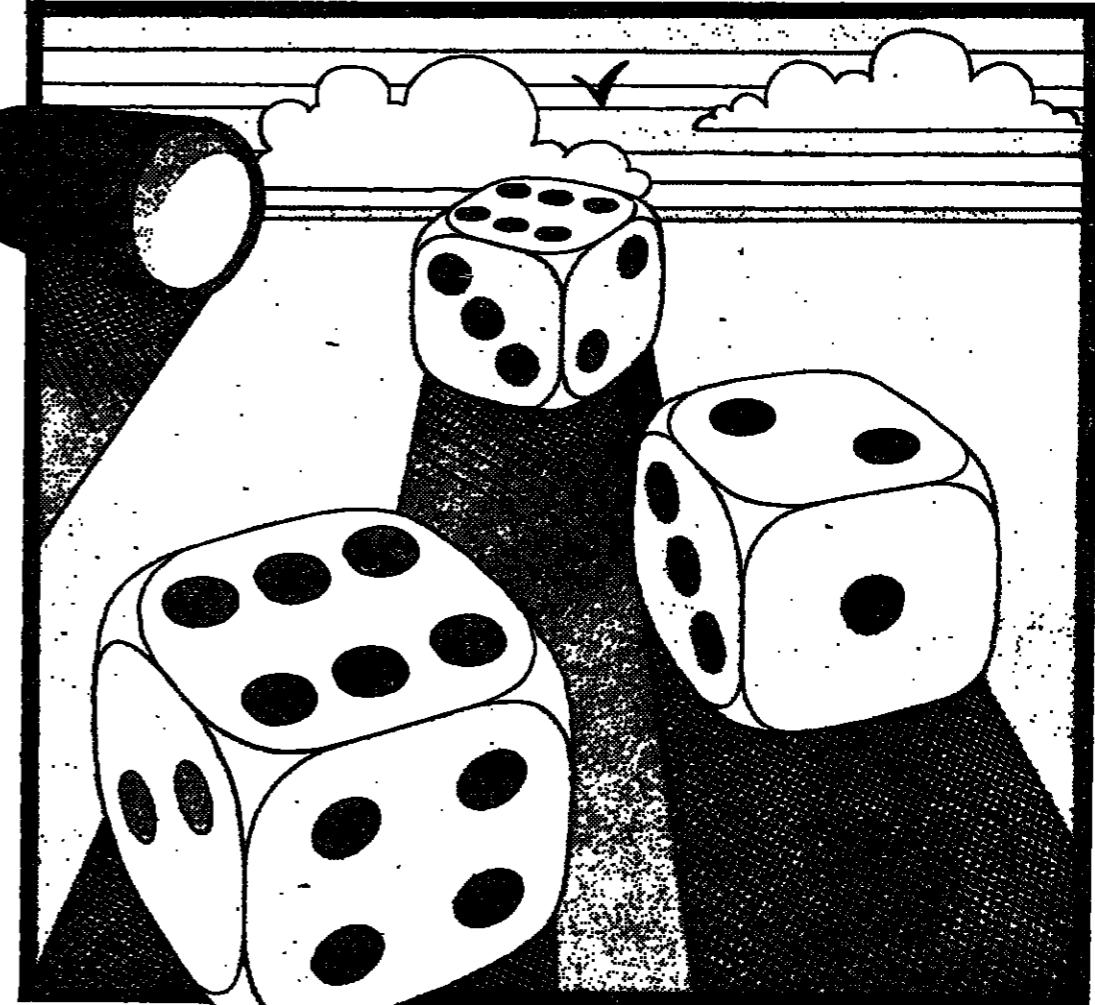
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AUSTRIA IV

Strains on banking system ease



Austrian paper for Europe

LEYKAM MÜRZTAUER

PRESSURES ON the Austrian banking system eased considerably in 1982 and should go on doing so this year in spite of some uncertainties.

The end-1982 balance sheets will be published in the near future, but in the meantime leading bankers have left no doubt that, by and large, profitability increased notably in 1982. The crucial element making for an improvement was the gradual decline of interest rates, call money, which had peaked at 12 per cent in 1981, declined steadily last year and slipped below 6 per cent early in 1983.

This decline was instrumental in turning around the profitability of banks and other credit institutions. During the high interest phase, bankers were squeezed between the pressure of depositors for a better return on their money and the reluctance of borrowers to take up money at a time of recession.

Though the business outlook for much of Austrian industry remains cloudy, pressure has been reduced on the liabilities side of the balance-sheet and on costs. Competition for primary deposits has become less fierce and the wave of aggressive foundations of new branches has subsided.

This expensive binge was set off by legislation passed in 1979 which greatly liberalised regulatory practice. In effect all credit institutions of any size—whether banks, savings banks, or specialised banks for farmers or small business—received authority to turn themselves into universal banks on the German or Swiss model.

The expansive impetus released by that legislation has now subsided.

Moreover, strains caused by several spectacular bankruptcies have ceased to be a cause for immediate concern. Österreichische Laenderbank, which at one time was in trouble, has recovered sufficiently to be able to announce that it will pay a dividend for 1983.

Thus the overall picture looks encouraging. But several problem areas remain. They include uncertainties surrounding bank secrecy, which could retard the decline of interest rates; Austria's heavy exposure to borrowing by eastern Europe; and the prospect of heavy budget deficits which, in the end, could undermine the country's excellent credit ratings.

Bank secrecy is probably on

MARKET SHARES OF BANKING SECTOR

	(in % at end of period)											
	Total deposits			Savings deposits			Credit			August		
	1980	1981	1982	1980	1981	1982	1980	1981	1982	1980	1981	1982
Savings banks	30.9	30.9	30.4	33.7	33.7	33.4	25.6	24.5	24.3	26.0	25.7	25.7
Joint stock banks	20.5	21.1	21.4	15.2	16.0	16.6	26.3	26.7	26.7	26.0	26.7	26.7
Raiifeisen banks	20.9	21.0	21.2	24.0	24.2	24.6	18.6	17.4	17.8	18.0	17.4	17.8
Volksbanken	7.0	6.9	6.8	7.8	7.7	7.7	5.6	5.3	5.1	5.7	5.3	5.1
Provincial mortgage banks	2.3	2.2	2.4	1.1	1.3	1.4	9.7	9.7	9.3	9.7	9.7	9.3

Source: Girozentrale Vienna.

a par with Swiss practice and, so far, bank interest as well as interest on bearer bonds, is not subject to a withholding tax. This combination has opened the door to widespread tax evasion.

The Socialist Government of Dr Bruno Kreisky, in the struggle to contain budget deficits, has proposed shutting that back door by introducing such a withholding tax. In so doing the Socialists have not only stirred up a hornets' nest; they have also introduced an element of uncertainty capable of slowing down the decline of interest rates.

Concession

Details of what the Socialists propose—always provided they win the general election in April—are still unknown, though they have said that foreigners will be exempt from the tax. Given the far-reaching liberalisation of international capital transactions, that concession is of some importance for the country's external payments.

In the past few years, the balance of payments has caused occasional headaches, but there was a significant improvement in 1983 when the current account went into a surplus of about Sch 13bn (about £450m). The reasons are part good, part bad.

Slack economic activity reduced imports; on the brighter side there is some reason to suppose that Austria had by last year coped with the second oil shock of 1979-80. Further help should be forthcoming from the decline of the oil price this year, at least until secondary

effects in the shape of lowered demand from the Opec countries make themselves felt.

The country's standing in world credit markets is further enhanced by official reserves of about Sch 124bn enough to pay for about half a year's imports. The reserves include Sch 39bn in gold valued at less than a third of the current market price.

Repeated and rising budget deficits may prove a more intractable problem. At the end of 1982, total government debt amounted to Sch 343bn, of which Sch 112bn was denominated in foreign currency, an amount smaller than the reserves. The debt is equivalent to about 10 per cent of GDP, a respectable ratio by international standards. What is less satisfactory is the rate at which debt is rising; at present it looks as though it will amount to about Sch 400bn by the end of 1983.

Such is the structure of the

Austrian banking system that not only the chief commercial banks are embroiled in the eastern European problem. So are the larger universal-style credit institutions that have grown out of the traditional savings banks and similar thrift institutions. Equally, the different and competing sectors of the country's credit institutions play important parts in financing domestic industry. Commercial banks (the number of which are Creditanstalt, Bankverein, and Laenderbank, in both of which the state holds a 60 per cent stake) have extended Sch 246bn in credits to domestic non-banks. The savings bank organisation follows with Sch 222bn, and the Raiffeisen banks, which have grown from a network of rural cooperatives, with Sch 166bn. Savings and Raiffeisen banks each have an umbrella bank with which they place surplus funds and which are engaged in business. Especially Girozentrale, the "central bank" of the savings bank sector, has become an active participant in Euro-markets.

Take all that together with the reform of regulatory legislation in 1978, and you have a blurring of the differences between traditional commercial banks and historic thrift institutions. It has gone much further than what may also be occurring in Britain where clearing, building societies, and Trustee Savings Banks are increasingly competing for similar types of business. Certainly, a customer visiting one of the two large savings banks in Vienna, even one of the less "big savings" or "farmer" banks out of town, will see no obvious difference between them and the branches of commercial banks.

Altogether, the picture is one of a credit apparatus that has digested the shock of free competition administered by the legislation of 1978 and appears to be weathering the problems caused by the big bankruptcies of 1980.

A special correspondent

AUSTRIAN MONEY

(Percentage changes at annual rates at end of year)

	1978	1979	1980	1981	1982	August
Money supply (M1)	7.8	-7.1	10.4	-14	5.2	
Central money stock	14.7	2.0	7.6	7.9	7.2	
Credit to domestic non-banks						
Total	15.1	16.4	12.9	12.2	10.5	
Savings banks	14.3	14.0	11.3	7.6	18.6	
Total	17.2	8.9	15.3	12.5		
Savings banks	15.2	5.6	15.2	11.9		
Total deposits	15.1	9.0	10.9	12.6	12.6	
Savings banks	15.2	5.7	10.4	11.1	18.6	

Source: Girozentrale Vienna.

Tourists' spending crucial to balance of payments



Tourist ride through the Hofburg Palace, Vienna.

TOURIST ARRIVALS AT HOTELS

(by nationality %)

	1976	1980	1981
West Germany	58.0	56.5	55.8
Netherlands	5.8	8.1	8.3
UK	4.2	4.6	4.8
France	3.6	3.8	4.4
Switzerland	2.7	3.3	3.4
U.S.	6.0	5.3	6.1
Belgium-Luxembourg	2.7	2.9	2.8
USSR and Eastern Europe	1.6	2.0	2.2
Total (000s)	7,835.6	9,684.6	9,868.6

Source: World Tourist Organisation.

WHEN THE snowfalls in the Austrian mountains are fitful for a while and skiing conditions are poor, government officials in Vienna start to get furrowed brows. It is not so much that they are worried about losing a weekend of winter sport—though from Vienna you are in the mountains easily in a few hours. The concern reflects the crucial importance of tourism—and hence also the weather—for Austria's economy and balance of payments.

A few figures help illustrate the point. Last year foreign tourists spent Sch 85.5bn in Austria, up from Sch 81.9bn in 1981 and Sch 75.1bn in 1980. Subtract the sums Austrians themselves spent on holidays abroad in 1982 and you are still left with a net surplus on tourism of about Sch 47bn. That was enough to offset two thirds of Austria's visible trade deficit and was an essential factor in the country's return in 1982 to a surplus on its current account (visible trade, services and transfer payments together).

In short, pleasure is big business in Austria and its full importance does not emerge in those balance of payments figures alone. They cannot show the indirect business spinoff from tourist spending on Austria's goods and services sectors in the main holiday areas (and on the way there, by car, rail or perhaps Danube river boat).

Similarly, official statistics show that roughly 130,000 people are employed in Austria's hotel and restaurant sector (with seasonal variations). But the number of jobs indirectly dependent on tourism is far greater and helps keep populated areas which are often unsuited even to light industry.

Balance

Tourism is thus a factor of internal as well as external economic balance, it is as such. According to the latest budget estimates, a total of Sch 82bn in federal funds is being spent in the decade 1980-89 on tourist promotion of all kinds, including subsidised credits for investment in the industry.

It would be absurd to suggest

that Austria's intense development of the tourist sector over the last decades—the construction of ski lifts and slopes, indoor swimming pools, fitness centres, saunas and the like—has not paid off handsomely. But it has proved sometimes to be a mixed blessing. The ski run which keeps a lot of holidaymakers happy in the winter can make for ugly scarred meadows in the summer—a financial as well as an aesthetic liability. Likewise the elegant facades of buildings in some of the provincial towns have fallen prey to "develop-

ing during the summer among the hills and lakes of the Salzkammergut to the east and south of Salzburg.

Perhaps the only real warning words giving to newcomers is—don't despair if you seem to have an intense hangover for no clear reason or briefly suffer when staying in Austria. It will probably only be the effect of the Föhn, a dry wind which sweeps across the Alps from time to time. It makes many people feel odd for a while but the compensation is that the sky is always clear and the Alpine views can never be better appreciated.

If it is music you are after,

there is an embarrassment of riches in the country of Mozart, Schubert, Haydn and Bruckner.

The Easter and summer festivals in Salzburg offer immensely distinguished performances at extraordinarily high prices. On a similar artistic and financial level is the Vienna festival in May and June, while the summer festival of Lake Constance has a superb site (and may be harder to get to your pocketbook). Quite apart from its musical offering, Vienna is worth a lot of any tourist's time with its Schönbrunn palaces, its great art collections built up not least by the Habsburgs and its old town with St Stephen's Cathedral.

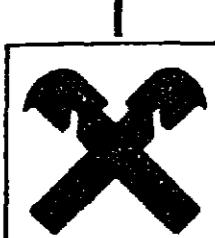
Anyone with a sweet tooth will love Austria with its Salzburger Nockerl (a peculiarly pneumatic soufflé), palatschken (pancakes with tasty fillings), kaiserschmarrn (sweet omelette with raisins) and so on. Tafelspätzle—a delicate main course—will teach you never again to turn your nose up at boiled food. Lastly, don't forget that coffee is not an art and a way of life. Specify what you are after—Mokka, Kapuziner, Brezauer, Melange, etc) then settle down in your cafe with your newspaper to reflect upon the oddities of the outside world. You will not be disturbed.

Ronald Barazon

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ECONOMIC VIEWPOINT

How to get off the treadmill

By Anthony Harris

THE SINKING feeling which suddenly overtook Wall Street, previously in the best of spirits, at the latest remarks of Mr Paul Volcker, the Federal Reserve chairman, is only too easy to understand. They have been here before.

In 1980, and again in 1981, the Fed aggressively led interest rates down, only to retreat a few months later, inhibited by any response in the bond market. In 1982, it looked different.

Worried by debt abroad and depression at home, the Fed led rates down and kept them down; but the debt and depression worries have faded, and we are back to the inflation worries. Here, it seems all too possible.

To those who keep their eyes fixed on the real economy, the whole thing is incomprehensible. The U.S. economy has only just embarked on a recovery, led by consumer spending and rearrangement, with a promising fillip from housing.

The turn in the inventory cycle makes the whole thing look much more vigorous than it really is—the inventory turn, as we know only too well in

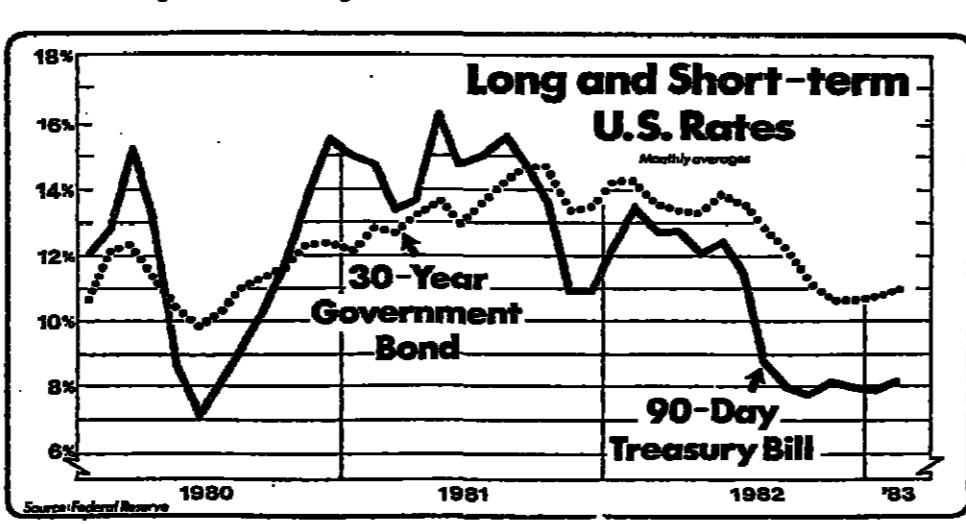
rection in the excessive value of the dollar. The new departure, which has raised market interest rates and raised the dollar, seems crazy.

To those who watch the financial rather than the real economy, however, the latest developments are perfectly logical. A simple-minded monetarist will observe that the U.S. money supply has been growing explosively in recent months, on any measure. If it did not do so, the money explosion would cause an inflation explosion. Even as it is, the bond market is discounting an average inflation rate of eight per cent or more for the next 30 years.

A less monetarist observer would probably put cause and effect the other way round: bond rates are not high because the money supply is growing so fast, but rather because the bond market is discounting an average inflation rate of eight per cent or more for the next 30 years.

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The turn in the inventory



Source: Federal Reserve

Marion Sedge

is the growth of large public sectors, which generate large deficits in a downturn. These deficits may look like a problem to themselves, but serve to prevent the collapse of activity and especially of profits which have marked earlier crises. This unfortunately frightens bond markets.

The second great difference is that partly as a result of the first, inflation persisted well beyond the onset of the crisis, and as a result, much debt now carries a floating interest rate. This leads to a great intensification of what Minsky calls the problem of Ponzi financing—loans in which the borrower has to borrow part at least of the interest as well as the principal.

A Ponzi loan grows faster when floating rates rise; and if it is a bank loan, bank liabilities grow correspondingly. As a result, high interest rates exacerbate the problem, adding both to the growth of debt and of the broader definitions of money.

The third great difference is that while a vast proportion of the debt is denominated in dollars, many of the lenders are not Americans.

The fact that the debt is in dollars means that debtors must earn dollars; this implies a weak U.S. merchandise account, as soon as the lending slows. It is the demand for dollars that makes the dollar so strong.

However, lenders in other countries get much of the in-

come, while the U.S. suffers the pain of uncompetitiveness. As a result, the Fed faces a dilemma and politicians call for import controls.

These perverse effects of current financing practices argue their own case for structural reform; and perhaps fortunately, the case will soon be stressed in a very practical way in the banking market.

The recent "rescue" operation by way of rescheduling and re-liquifying the IMF has been very successful in preventing a collapse, but it has left the underlying problem untouched.

Banks which have been prudent in the past and now make adequate provision for their questionable loans, are unwilling to join in another round of rescheduling. This has the effect of increasing their doubtful exposures, and more tellingly of depressing their profits, and holding up the tax refunds they could claim against the less prudent.

The first point which leaps out from any comparison in the above underlines the need for a more accurate forecast figures in any simulation. Will Arthur Scargill, for example, take on the Government in autumn 1984, and how will the foreign exchange markets react to the re-

covery of the British economy which would be the same for any party coming to power.

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Thursday March 10 1983

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U.S. CAMPAIGN POINTS TO ACCELERATING THREAT FROM SOVIET UNION

Reagan presses case for arms build-up

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan yesterday launched a new campaign to persuade Congress and public opinion of the accelerating military threat posed by the Soviet Union and the need for a continuing strong U.S. arms build-up in response.

As the Pentagon published a glossy new booklet giving previously classified details of Soviet military expansion, Mr Reagan said: "We must continue to demonstrate our resolve not to allow the military balance to tip against the United States." The U.S. however, would "not start fights," be stressed.

In Moscow, the Soviet government news agency Tass described the report as a mixture of lies and distortions. It said that deployment of new U.S. missiles in Europe would add impetus to the arms race and accused the U.S. Administra-

tion of trying to mislead the public with false threats.

Mr Reagan's comments came the day after he denounced Soviet communism as "the focus of evil in the modern world" in an unusually strong speech in Florida intended to woo his right-wing supporters.

Presenting the new 107-page study, Mr Caspar Weinberger, the Defence Secretary, said that it demonstrated that Moscow had forged ahead in the past year in military modernisation, expansion and forward deployment of its forces on an even greater scale than before.

The pattern of Soviet missile development showed that Moscow wanted to be ready to fight a protracted nuclear war, he said.

Publication of the new material was designed to counter the growing movement in the U.S. for a "freeze" on the development of the

two superpowers' nuclear forces and to rally support for Mr Reagan's request for a \$328.6bn defence budget, a 10 per cent increase in real terms, for the coming fiscal year.

It was also intended to provide allied governments with ammunition to convince European public opinion that a Western arms build-up was necessary.

The other problem with an agreement was that it might leave the Soviet Union with no incentive to return to the negotiating table to discuss banning the missiles altogether, as the U.S. has proposed, he said.

The study said that the Soviet Union had begun test flights of a new generation of ground and air-launched cruise missiles with nuclear capability and a range of more than 1,800 kilometres, "signifi-

cantly expanding the flexibility of Soviet strategic options."

The first of the Soviet Union's Typhoon class strategic ballistic missile submarines had test-fired its first multiple-warhead, 8,000 km-range nuclear missile, and a second Typhoon had been launched. Mr Weinberger pointed out that the new U.S. Trident 2 submarine missile system would not be ready until 1989.

The study also said that the Soviet Union had introduced additional nuclear-capable weapons to its forward deployed divisions in Eastern Europe, including the new missile SS-21 short-range ballistic missile and a 152mm self-propelled gun, "adding to Soviet conventional, chemical and nuclear war-fighting options."

In a transatlantic television link to Nato headquarters in Brussels, Mr Weinberger said that the patently "offensive character" of the Soviet arms build-up meant that Moscow was simply doing what its doctrine had always dictated "and that is world domination."

The report, entitled Soviet Military Power, said that since late 1981, when its first edition appeared, the Soviet build-up ranged from the deployment of an additional 1,200 modern T-80 tanks to the first flight tests of the Blackjack strategic bomber and two new land-based intercontinental ballistic missiles.

Mr Weinberger said that the number of mobile, accurate SS-20 intermediate-range missiles deployed had reached 351, and was continuing to grow. Up to 275 of the three-warhead missiles were targeted at Western Europe, he said.

Chemical weapons, Page 2

RTZ chief rejects British Steel job

BY PETER BRUCE IN LONDON

THE UK GOVERNMENT'S attempts to find a successor to Mr Ian MacGregor as chairman of the British Steel Corporation broke down yesterday. Its prime candidate for the job, Sir Alistair Frame, deputy chairman and chief executive of Rio Tinto Zinc (RTZ), announced he was not interested in the post.

The announcement came amid conflicting signals surrounding Mr MacGregor's invitation from the British Government to become chairman of the National Coal Board when his BSC contract expires in June.

While BSC spokesmen confirmed that Mr MacGregor would take the Coal Board offer if the Government could agree terms with his former employers, Lazard Frères, the New York investment bank, Lazard Frères itself said the entire decision rested with Mr MacGregor.

The Lazard Frères position could mean that the UK Government will not have to submit itself to a repeat of the controversy surrounding Mr MacGregor's appointment to BSC when Lazard Frères was paid a transfer fee for his services worth up to £1.8m by 1985.

"All this is really in the hands of Mr MacGregor," said Lazard Frères. In effect, the Government would not have to negotiate a new retainer with Lazard Frères if Mr MacGregor, 70, resigned his part-nership in the bank.

Although Lazard Frères appears to be distancing itself from the Coal Board appointment, the bank said Mr MacGregor would be welcomed back as a full partner if he wanted to return. An aide at BSC said last night that while Mr MacGregor was interested in the Coal Board chairmanship, he would not "burn his

Ecuador's assurance on private sector debt

By Peter Montagnon in London

ECUADOR'S Government has offered to assume responsibility for a large part of the country's \$1.6bn private-sector foreign debt provided lenders are prepared to refinance it for six years.

The scheme, which could affect debts totalling some \$1.2bn, has been devised by the Government in an effort to overcome the problem of payments arrears by private-sector companies hit by the devaluation of Ecuador's currency and the shortage of foreign exchange.

Separately, Ecuador is seeking to reschedule some \$1.2bn of the \$4.8bn public-sector debt.

Under the scheme creditor banks would have to provide new, six-year loans to the central bank equivalent to 120 per cent of the private-sector debt for which it was assuming responsibility.

The central bank itself would then seek repayment in local currency over three years from the private-sector companies involved.

Ecuador has not yet held serious discussions with foreign banks about the scheme but bankers in New York said yesterday it appeared to have some merit as it would transfer their credit exposure from the private to the public sector.

This might encourage some banks to agree to the request to top up the amount being refinanced by the additional 20 per cent sought by Ecuador.

Many have also been worried by the failure of private-sector companies to make interest payments on schedule.

Ecuador is likely to seek additional new money from creditor banks this year in conjunction with its rescheduling, but the amount has not yet been set and depends in part on responses to this programme for the private sector.

Leading creditor banks are also awaiting for an up-to-date assessment of Ecuador's financing needs from the International Monetary Fund.

Thomson goes for Telefunken

Continued from Page 1

would still allow France to take on Japanese competition.

There was muted relief in other parts of the administration that the Government would not now be foot-ing the high cost of the Grundig takeover. The price tag was last November put at nearly FFr 541m (£441m).

Thomson refused yesterday to discuss the price of the Telefunken to the Government.

Thomson made a loss of about FFr 1.5bn last year and is already involved in sensitive restructuring talks with the Government.

The proposed Grundig takeover, first announced last November, had received the public blessing of President François Mitterrand as an important step towards European industrial cooperation. But the deal has progressively turned sour, not only because of the opposition of the West German authorities but also because of increasingly strained links between Thomson and Philips.

Thomson-Brandt's decision to buy control of Telefunken will be a welcome relief for ABG, which has had to absorb heavy losses from the company for the past two years.

The official said that Mexico was seriously considering a further increase in its domestic petrol prices of about 5 pence a litre to compensate for falling revenues. Petrol prices rose 100% last December.

The Government, he said, was also having to revise upwards its estimate of 50 per cent inflation this year, after 98.8 per cent in 1982. He

N. Sea gas projects set for approval

By Ray Dafter, ENERGY EDITOR, IN LONDON

THE UK Government may soon approve three North Sea gas development projects involving an offshore industry investment of between £750m (£1.285m) and £1bn. The approval could mark the beginning of a resurgence in UK gas exploitation.

British Gas is still awaiting formal development approval. This is thought to be delayed because several Government departments have to give their consent for the unusual project.

Shell/Esso's South East Defendable discovery. This field will also cost several hundred millions of pounds to exploit.

Industry reports suggest Shell, as operator, will install two platforms.

Two groups, British Gas Corporation and Amoco, are so confident of receiving Energy Department consent that they have started ordering major items of production equipment.

A third group, Shell and Esso, is still discussing its development plan with Energy Department officials but it is expected to submit a formal application soon.

The projects will help to secure hundreds of jobs in the offshore supply industry and also help to meet British Gas Corporation's supply requirements in the late 1980s and 1990s.

The projects involve:

• Amoco's East Leman Field, a two platform development expected to cost more than £150m. The field should be on stream in 1984, yielding an average of about 100m cubic feet a day of gas.

• The corporation is concerned that it may be short of supplies by the late 1980s or early 1990s. The alternative to UK North Sea gas would be even dearer imports from Norway or further afield.

As a result of this new stance several other developments are being considered, including Phillips Petroleum's Aan and Audrey fields and Conoco's Victor and Broken Bank discoveries.

• Imports of natural gas into the EEC, including supplies from the Soviet Union, fell for the first time last year because of a drop in consumption, according to figures released by the EEC statistics office. Esso reports from Brussels.

EEC consumption dropped by 6 per cent, mainly because state-owned power stations had used up their oil or coal stocks instead of gas.

Mild winter weather also pushed down demand.

Imports from third countries, which account for about a third of total supplies, fell by an unprecedented 2 per cent.

Harare in arms talks

By MICHAEL HOLMAN AND BRIDGET BLOOM IN LONDON

A ZIMBABWE military delegation is due in London soon to discuss the purchase of five Hawker Hunter aircraft from the Ministry of Defence.

The aircraft would replace those destroyed last July when saboteurs attacked Thornhill air base, Gweru.

Thirteen aircraft, including eight Hawker Hunters, were destroyed or damaged in the raid, one quarter of the country's aircraft.

The negotiations, however, come at a highly sensitive time following the operations by the Zimbabwe army in Matabeleland against the opposition, Zanu.

Neither the Foreign Office nor the UK's Ministry of Defence will

comment on the price of the aircraft.

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The Government, he said, was also having to revise upwards its estimate of 50 per cent inflation this year, after 98.8 per cent in 1982. He

feared that inflation in 1983 would "not be significantly lower than last year." In the first two months of this year, consumer prices rose by 16 per cent.

The Government, however, still believes that trade unions will keep to the present wages policy, which is a crucial part of the country's economic stabilisation programme.

The minimum legal wage, the basis for collective bargaining, rose by 25 per cent in January, and a further 12.5 per cent is planned for July.

The official said that apart from the petrol rise other planned price increases could be left until the second half of the year to reduce the inflationary burden in the first half of 1983.

The good news is

FERRANTI

Selling technology

Increasing optimism on Opec price deal

Continued from Page 1

quota of at least 3m b/d to 2.5m b/d if Saudi Arabia undertook to limit its output rate to 4.5m b/d. Saudi Arabia has the ability to produce more than 10.5m b/d.

Other members seemed to accept that nothing could be done to stop Iran offering substantial discounts to purchasers. The oil ministers talks have faced acute difficulty over the tough stance by Nigeria which was intended partly to obtain a better deal within Opec by unilaterally undercutting North Sea prices.

As the meeting resumed last night there was no certainty that a deal could be concluded but prospects seemed fair.

Producers in Mexico and the North Sea - the main two exporting areas outside Opec - emphasised last night that they would not attempt to undermine any pricing agreement reached by the Organization's ministers.

Mexico is expected to align its

prices with those of Opec Ambassador Jorge Eduardo Navarrete, under-secretary of Economic Affairs at the Mexican Foreign Ministry, said in London that his country would not take "any initiative which could have a negative effect in the oil market."

Navarrete said that Saudi Arabia's offer to assume responsibility for a large part of the country's \$1.6bn private-sector foreign debt provided lenders are prepared to refinance it for six years.

The scheme, which could affect debts totalling some \$1.2bn, has been devised by the Government in an effort to overcome the problem of payments arrears by private-sector companies hit by the devaluation of Ecuador's currency and the shortage of foreign exchange.

Separately, Ecuador is seeking to reschedule some \$1.2bn of the \$4.8bn public-sector debt for which it was assuming responsibility.

The central bank itself would then seek repayment in local currency over three years from the private-sector companies involved.

Ecuador has not yet held serious discussions with foreign banks about the scheme but bankers in New York said yesterday it appeared to have some merit as it would transfer their credit exposure from the private to the public sector.

This might encourage some banks to agree to the request to top up the amount being refinanced by the additional 20 per cent sought by Ecuador.

Many have also been worried by the failure of private-sector companies to make interest payments on schedule.

Ecuador is likely to seek additional new money from creditor banks this year in conjunction with its rescheduling, but the amount has not yet been set and depends in part on responses to this programme for the private sector.

Leading creditor banks are also awaiting for an up-to-date assessment of Ecuador's financing needs from the International Monetary Fund.

Continued from Page 1

would still allow France to take on Japanese competition.

There was muted relief in other parts of the administration that the Government would not now be foot-ing the high cost of the Grundig takeover. The price tag was last November put at nearly FFr 541m (£441m).

Thomson refused yesterday to discuss the price of the Telefunken to the Government.

Thomson made a loss of about FFr 1.5bn last year and is already involved in sensitive restructuring

talks with the Government.

The proposed Grundig takeover, first announced last November, had received the public blessing of President François Mitterrand as an important step towards European industrial cooperation. But the deal has progressively turned sour, not only because of the opposition of the West German authorities but also because of increasingly strained links between Thomson and Philips.

Thomson-Brandt's decision to buy control of Telefunken will be a welcome relief for ABG, which has had to absorb heavy losses from the company for the past two years.

The official said that Mexico was seriously considering a further increase in its domestic petrol prices of about 5 pence a litre to compensate for falling revenues. Petrol prices rose 100

JOHN



SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Thursday March 10 1983

Stewart Fleming and David Marsh analyse the latest developments in Europe's consumer electronics industry

Thomson settles for second best

THOMSON - BRANDT, the French state-owned electronics concern, has been sweeping through the German consumer electronics industry like a vacuum cleaner in the past few years, sucking up companies which fell in its path and in the process grabbing 20 per cent of the valuable German colour television and video-recorder market.

Yesterday, amid the disappointment of having to concede that it was not going to be able to take over control of Grundig (a deal which would have doubled its share of the market), it disclosed that as a consolation prize it intended to acquire Telefunken, the struggling AEG-Telefunken's consumer electronics concern.

The news broke as AEG's creditors gathered in Frankfurt to agree to write off debts of DM 1.8bn (\$842m) the company owes them. Herr Heinz Durr was able to tell the 300 or so creditors in Frankfurt's Festhalle that the previous afternoon he had been able to get rid of a company which had debts of around DM 4.7bn, lost around DM 300m in 1981 and still lost money, although at a much reduced rate, in 1982 on sales down to DM 1.5bn.

For AEG the sale represents an important step in easing the financial burdens it is still carrying. For Thomson-Brandt too, the addition of the still renowned Telefunken brand name will clearly ease the loss of failing to get control of Grundig.

Thomson-Brandt currently has

sales revenues of around DM 7.5bn in the consumer electronics business in Germany. In 1979 and 1980 it acquired Normende and Saba, each of which has some 10 per cent of the German colour television market and then last year it bought the failed Dual hi-fi firm. Thomson-Brandt produces colour television sets at two plants—a highly modern factory in Wittenberg-Schwenningen and an assembly plant in Bremen.

Video cassette recorders were imported from Japan, although the company has made it clear it wants to build a manufacturing plant. Sales in West Germany, however, have not reached a high enough level to justify this, although with around a fifth of the market they have built up a solid base.

The West German Cartel Office is not expected to raise any objections to Thomson-Brandt's acquisition of control of Telefunken, in which case Telefunken, which will also, through Telefunken, acquire a one-third stake in the JVC/Tel video recorder factory in Berlin—a joint venture with JVC and Thorn-EMI.

Telefunken itself has been losing money heavily, but it has been going through a major reorganisation, cutting its staff from 10,500 to the current 3,000 in Germany in the past four years, and concentrating its television set production. Domestically, it has increased its colour television market share from 6 to 10 per cent in the past year.

Abroad where losses have



Dr Max Grundig

been particularly heavy, it has been cutting back sharply, closing or selling plants in Italy, Mexico and Brazil. It still retains, however, a world wide network of plants which assemble television sets in kit form, a business which will add to its attractions for Thomson-Brandt.

Until January this year it seemed likely that it would be Grundig which would take over Telefunken in a consortium backed by AEG's bankers. But Grundig lost interest when the Thomson-Brandt deal surfaced—such a mammoth merger would have stood even less chance of official approval than the Grundig/Thomson-Brandt deal. That has now been turned

down on competition policy grounds—as was originally expected.

It would appear that Grundig is not going to have to struggle along on its own. But appearances are probably deceptive. The Dutch electrical giant Philips is already Grundig's partner with a 24.5 per cent stake—founder Dr Max Grundig owns the balance. Indeed it was Philips' determination not to surrender that stake which has stopped Thomson-Brandt in its tracks.

Philips' determination to hang on to this holding strongly suggests that if anything is going to emerge as Grundig's long term partner it will be Philips. Philips itself has been more explicit in the past week about the high value it puts on its relationship with Grundig.

The pressures on Grundig to secure its future are great. It has 30,000 employees producing around DM 3bn of turnover, not much more than the 8,000-9,000 Thomson-Brandt/Telefunken workforce produces. In four years it has cut its foreign manufacturing plants from nine to six and its domestic plants from 23 to 18—two more closures, one abroad and one in West Germany, are scheduled for the next few months.

Grundig lost DM 187m in 1980-81 and DM 35m in 1981-82, and looks like a company still badly in need of further slimming down, even if as it claims, it will report profits for its year to March 1983.

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Philips reports earnings up 21% in full year

By WALTER ELLIS IN AMSTERDAM

PHILIPS, the Dutch electrical group, recorded net profits last year of FI 435m (\$162.8m)—21 per cent up on 1981 and more than had been expected by most analysts. Sales volume rose by 4 per cent, but in guilder terms the rise was held down to 1 per cent because of adverse foreign exchange movements.

On the Amsterdam stock market, the reaction was positive, and Philips' shares rose by more than a guilder, to FI 37.60.

The results, which cover both Philips NV and the United States Philips Trust, were said by the company to have been satisfactory, especially in view of the absence of international economic recovery and "serious upsets" in the market in some product fields—a reference to Japanese price cuts in the vital video recorder sector.

Dutch analysts agreed yesterday that the results were satisfactory, while pointing out that falling interest rates in 1982 contributed significantly to the earnings total.

Trading profit fell last year from FI 2,193m to FI 2,130m, against which had already been distributed

1981. Philips observes, however, that the 1981 figure was inflated by an extraordinary income of FI 385m from a change in the methods of determining provisions. The costs of normal restructuring, which are charged to trading profit, came to FI 127m, compared with FI 267m in 1981, and, after taking account of this factor, trading profit rose by 9 per cent.

Full profit and loss accounts for the 1982 fourth quarter have not yet been released. Sales rose by only 1 per cent over the same period in 1981, to FI 12,479m. Net profit went up by 39 per cent, to FI 103m, while trading profit fell by 17 per cent, to FI 106m.

The lower trading profit in the fourth quarter was caused by inclusion of an extraordinary item of FI 385m in the October quarterly results of 1981.

A sharp rise in the fourth quarter profit after tax, from FI 26m in 1981 to FI 51m in 1982, is attributed by Philips to the fact that the 1981 figure was badly hit by exchange rate losses and the costs of discontinuing various group activities.

Loss of C\$369m for Dome Petroleum

By ROBERT GIBBENS IN MONTREAL

SANDVIK, the Swedish special steels group, showed a sharp drop in profits last year from SKr 500m to SKr 68m (\$39m) on sales of SKr 930m. The results correspond to earnings per share of SKr 16, down from SKr 27.

Although sales rose by 5 per cent to SKr 930m, company officials said a 10 per cent drop in volume on all markets, and a large scale restructuring programme, were largely responsible for the poor earnings. Results in all divisions were down, and the cemented carbide operations was the only one to show a profit.

In 1981, before Dome was overtaken by a debt crisis, the company showed a profit of C\$199m or 80 cents a share. Cash flow in 1982 was C\$212m against C\$269m. Revenues were C\$369m against C\$22.2m.

On an operating basis, Dome showed a loss of C\$35.2m in 1982.

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Holzmann overseas sales fall

By James Buchan in Bonn

PHILIPP HOLZMANN, West Germany's largest building group, achieved satisfactory earnings in 1982 despite a fall in overseas building volume.

In its latest shareholders' letter, Holzmann says that overall building volume fell last year by 4 per cent to DM 17.3bn (\$5.04bn). Overseas activity was down 6 per cent because of difficulties in the Third World and the oil-producing countries.

At home, a stagnant market received a boost in the fourth quarter. The group was not ready to predict whether the new German Government's measures to stimulate house-building would lead to a lasting recovery in construction.

In 1981, Holzmann announced earnings of DM 43m against DM 40m in 1980, and paid a 33 per cent dividend.

Orders booked in the course of the year were up 5 per cent on 1981, and the group began the current year with orders in hand worth DM 9.6bn, up 6.8 per cent on the start of 1982.

Weak prices affect Preussag

By Our Bonn Staff

PREUSSAG, the West German metals, energy and transport group, increased its sales last year by only 1.3 per cent to DM 40m (\$1.66bn) but will report a satisfactory result.

Sales in the metals division fell by DM 50m to DM 1.1bn and the group has been obliged to take its lead works in Montreal temporarily out of operation.

Better performances in the transport division, which increased sales 14.6 per cent to DM 637m, and in coal operations, where turnover climbed from DM 853m to DM 876m, could not fully make up the setback in metals, the group said in an interim report.

Fortia profits soar by 143%

By David Brown in Stockholm

FORTEA, the Swedish pharmaceutical and biotechnology company, improved its pre-tax profit by 143 per cent from SKr 307m to SKr 31m (\$43m) for 1982. Sales climbed 29 per cent to SKr 1.6bn. The profit figure exceeds company forecasts.

Profit per share grew from SKr 6.6 to SKr 14.8. Of the total result, SKr 307m was generated by the company's pharmaceutical division, Pharmacia, where earnings almost doubled over 1981.

Its separation products division showed the largest sales growth at 52 per cent.

In the course of the year, the group purchased P.I. Biochemicals, a U.S. biotechnology company with annual sales of \$35m, from the Pabst Brewing Company.

The firm distributes a full range of biochemicals and is said to be active in hybrid DNA research.

As the group is better known to its customers as Pharmacia, the board has recommended that it change its name accordingly.

Sales in 1983 are forecast to increase by at least 35 per cent, and earnings "even more," provided that current exchange rates prevail.

Setback for Brascan

By ROBERT GIBBENS IN MONTREAL

BRASCAN, the holding company controlled by the Peter and Edward Braman interests, reported sharply lower earnings for 1982 following setbacks at its resource subsidiaries. Net earnings were C\$98.1m (U.S.\$10.4m) or C\$1.30 a share against C\$107.5m or C\$1.30 a year earlier, on revenues of C\$25m against C\$35.1m. Fourth-quarter earnings were equal to 32 cents a share against 34 cents.

Sharp upturn at Bergen Bank

By FAY GJESTER IN OSLO

BERGEN BANK, Norway's third largest commercial bank, reports a very marked improvement in profits for 1982 after several years of relatively poor performance.

Income from commissions, foreign currency trading and net interest income were all up in 1981, and operating profit before loss write-offs was Nkr 254m (\$35.4m).

This corresponds to 1.17 per cent of average capital employed, compared with 0.88 per cent in 1981. A dividend of 1.3 per cent is being paid.

With a rationalisation plan already put into effect at Tele-

funken following the financial collapse of its parent company AEG-Telefunken, Thomson says

tantency fund at Nkr 461m. Initial loss write-offs in connection with the bankruptcy of Nye Tofte, a large Norwegian cellulose plant, accounted for Nkr 80m of the 1982 write-off figure, but the final cost to the bank could be considerably higher than this. The plant is being kept in operation by Bergen Bank pending a final solution of its financial problems.

Mr Finn Henriksen, Bergen Bank's managing director, is now retiring. His successor is Mr Egil Gade Greve.

Allocations to funds were Nkr 125m, while loss write-offs totalled Nkr 94m, leaving the bank's con-

tinuity fund at Nkr 461m. Initial loss write-offs in connection with the bankruptcy of Nye Tofte, a large Norwegian cellulose plant, accounted for Nkr 80m of the 1982 write-off figure, but the final cost to the bank could be considerably higher than this. The plant is being kept in operation by Bergen Bank pending a final solution of its financial problems.

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		Last week		High	Low
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DNI (Foreign Bond Issues)	7.83	7.82	7.85	7.81	
HFL (Bearer Notes)	7.87	7.84	8.07	7.43	
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INTERNATIONAL COMPANIES and FINANCE**SOUQ AL MANAKH****Kuwait groups' shares suspended**

BY KATHLEEN EVANS IN KUWAIT

A NUMBER of companies whose shares had soared in value on Kuwait's unofficial Souq al Manakh stock exchange before its spectacular collapse last year, have been suspended from trading for failing to produce balance sheets by a deadline set by the country's Commerce Ministry.

Senior ministry officials say that the companies were originally suspended for failing to make the February 24 deadline but that subsequently five had been re-listed on the exchange. The Souq al Manakh has been effectively moribund since last September's collapse which left \$94bn worth of post-dated cheques in its wake.

The suspensions are a symptom of the prevailing confusion over post-dated cheques, which are issued by companies to the Souq al Manakh and the official Kuwait Stock Exchange. A number of the companies listed on the Manakh exchange had been trading in their own right, and were subsequently left holding cheques when the crash occurred. Until some settlement is arranged to ascertain the value of those cheques, many companies in Kuwait, both locally registered as well as the Gulf offshore companies, are unable to draw up their annual accounts.

The dilemma is causing considerable difficulties for the country's auditors. Many of these are refusing or delaying issuing balance sheets until the government provides guidance on how to value the cheques.

Leading auditors in Kuwait say they are assessing the worth of each cheque on an individual basis, using their knowledge of the local market and the business concerned involved. But for cheques written by any of the 70 individuals currently facing bankruptcy proceedings, they have been asking their clients to make 100 per cent provisions for the amounts involved.

Assessing the value of post-dated cheques is not the only problem for local auditors and their clients. Many companies face similar difficulties in calculating the value of their shares by the spot price on the last day of last year. This would represent a loss of some 60 per cent from the peak of trading which occurred last May.

The Manakh problem has affected a number of the 250 Kuwaiti private companies.

Local Chamber of Commerce officials believe that a number will have to divest themselves of assets in order to create the provisions required to cover their post-dated cheque debts.

The Sharjah Group Kuwait, for example, a company the country's bankruptcy laws

capitalised at \$200m holds around \$1bn in post-dated cheques. Company officials say these are about equally balanced on either side of the balance sheet. The Sharjah group is one under suspension by the Ministry of Commerce. The company's auditors have recommended suspending the listing of the balance sheet until guidance comes from the Government regarding those cheques, said a Sharjah Group official. The situation of the Kuwait-based company would not affect the status of its wholly-owned London subsidiary, Sharjah Group Holdings, a company executive.

Another Gulf company, Al Jazeerah Contracting, which is also still under suspension, said its balance sheet would be submitted in the next few days, and that the value of the disputed cheques held was insignificant.

Gulf Union Insurance, another Manakh traded company, said that 50 per cent of its post-dated cheques had been assumed to be "doubtful," but the total amount involved was less than \$20m capital.

The next vital step in unravelling the problem is the passing of a Government bill through Parliament which is designed to alter, temporarily,

the country's bankruptcy laws referred to as an OBU.

Hong Kong rejects deposit insurance

BY ROBERT COTTRELL IN HONG KONG

Mr John Bremridge, Hong Kong's Financial Secretary, yesterday rejected the concept of an insurance scheme to protect deposits made with local credit institutions. Relying to a question in a meeting of the territory's legislative council, Mr Bremridge said premis for such a scheme would be "problematic."

Hong Kong's secondary banking sector, the registered deposit-taking companies (DTCs), has been hit by problems over the last five months resulting in the revocation of

seven registrations. Mr Bremridge said that he preferred to encourage "sound banking" to ensure that individual institutions are soundly managed.

Deposit insurance had been suggested by some local observers of the financial markets as a way of shoring up confidence in DTCs. The difficulties felt by several DTCs in recent months is attributed by some analysts to legislation progressively excluding them from the market for short-term public deposits, at a time when a weak local property market has eroded asset values and made ties.

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March, 1983

INTL. COMPANIES & FINANCE

Emilia Tagaza reports on a drawn-out fight in the Philippines

Uneasy truce in San Miguel battle

THE YEAR-LONG fight between two of the Philippines' most prominent business families for control of San Miguel, the country's largest publicly quoted company, which dominates the brewing and food-processing industries, has apparently reached a ceasefire, although it is unclear whether the battle is over.

Mr Enrique Zobel, president of Ayala Corporation, itself one of the Philippines' biggest companies, with interests in property and banking, had been trying to remove control of San Miguel from his cousin, Mr Andres Soriano, by buying shares and challenging board decisions in the courts. Now he has sold almost all of his 20 per cent shareholding and resigned from the board.

The 56-year-old Mr Zobel, a hard-hitting corporate boss, who has made intrepid criticisms of Government policies, has said that he sold shares and resigned from the San Miguel board—he was vice-chairman—to protect himself against the charge of seeking the chairman's job. His purpose, he defended, "was and is fair business principles" and the shares sale was to prevent "people questioning my motives."

Yet Mr Zobel has in his leaving San Miguel done little to clear the air in Manila. The financial world remains unsure as to what has been happening behind the closed doors of the San Miguel boardroom, and the idea that Mr Zobel's holding was bought by Mr Eduardo Cojuangco, a close friend of President Ferdinand Marcos, has done little to quieten speculation.

Mr Zobel's challenge to the Soriano family control of San Miguel has ongoing significance. Questions have been publicly raised about management policies and the rate of returns on investment in a company which had, until last year, a total monopoly over beer production in the country. Beer sales provide some 80 per cent of San Miguel's earnings.

It was easy for Mr Zobel—whose straightforward manner and criticisms of Government policies have heightened his business reputation—to convince ordinary San Miguel stockholders of the sincerity of his motives, especially following his vow to continue the fight after his withdrawal from the board.

However, stockmarket suggestions that the bulk of the shares he sold were bought by a businessman close to President Ferdinand Marcos have cast some doubt over his ability to influence decisions in the company.

The Philippines Government

already holds a substantial share in San Miguel, and has two representatives on the board.

Mr Carlos Romulo, the Foreign Minister, and Mr Roman Cruz, the president of Philippine Airlines (PAL), Mr Zobel now has to contend in particular not with one, but with two other groups at San Miguel.

The bitter dispute has seen the two Philippines business families involved in cases before the country's Securities and Exchange Commission, and locked in battle behind closed doors over the opening up of San Miguel's books.

Mr Zobel has consistently suggested that management

Miguel. Some of the San Miguel stockholders moved from the busting of Mr Zobel from the board on the grounds of "conflict of interest".

Of the total shareholdings in San Miguel, leaving aside just under 1 per cent held by Mr Zobel and the near-20 per cent he recently sold, some 40 per cent is under the control of Mr Soriano, the Roxas family, related to the Zobel and Soriano families and holding wide business interests themselves, control some 6 per cent; the general public holds about 25 per cent; and the remaining shares are in the hands of Government institutions and of

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Mr Andres Soriano (left), the president of San Miguel, and Mr Enrique Zobel, who has resigned from the board

practices at San Miguel are responsible for relatively low returns on the company's large earnings.

San Miguel is managed by the A. Soriano Corporation (Ansor), which is controlled by the Soriano family. One of the cases before the SEC demanded details of the payments made to Ansor by San Miguel.

Mr Zobel has also been seeking answers to questions about a number of San Miguel operations.

One of these, a joint venture with Creusot-Loire of France to make ironware, never got off the ground, while a second, a \$50m brewery in San Fernando, Pampanga, sits idle.

He has also sought a complete list of all contracts valued at more than 100,000 pesos (\$10,000) and a detailed breakdown of San Miguel's corporate structure.

However, the Soriano family and their associates who sit on the board of San Miguel have refused to make these disclosures to Mr Zobel, arguing that his company, Ayala, had recently diversified into agribusiness ventures and was therefore competing directly with San

a Roman Catholic clerical order. The first shot in the battle was fired last January when Zobel called the attention of the Securities and Exchange Commission (SEC) to a board resolution where directors delegated all their powers to Mr Soriano and some of San Miguel's top executives.

He feared that the delegation of the directors' powers to the chairman might lead to greater management secretiveness.

"I am vice-chairman of San Miguel, but I honestly don't know what's going on in that company," he said.

Now without a seat in the board, Mr Zobel's influence within San Miguel is considered eventually to be wiped out completely. However, some believe his resignation may be more a change in strategy than a withdrawal from the fight. Through other means, and because of his fiery personality, he could still make his influence felt, even if only to serve as a check and balance to San Miguel's management.

Stockbrokers agree that when he unloaded his shares, he may

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LONG ISLAND LIGHTING COMPANY

U.S. \$150,000,000

EURODOLLAR CREDIT FACILITY

Arranged by

Blyth Eastman Paine Webber International Limited

S. G. Warburg & Co. Ltd.

Provided by

Gulf International Bank plc

The Industrial Bank of Japan Trust Company

Midland Bank plc

Toronto Dominion Bank Group

The Daiwa Bank, Limited

The Mitsubishi Bank Ltd.

The Sanwa Bank, Limited

County Bank Limited

Algemene Bank Nederland N.V.

Bayerische Landesbank Girozentrale Cayman Islands Branch

Canadian Imperial Bank Group

Crédit Lyonnais

J. Henry Schroder Wag & Co. Limited

Société Financière Européenne Finance Company NV SFE Group

Svenska Handelsbanken S.A.

The Dai-Ichi Kangyo Bank, Limited

The Sumitomo Trust & Banking Co., Ltd.

Den norske Creditbank (Luxembourg) S.A.

Agent Bank

Midland Bank plc

This announcement appears as a matter of record only.



CONNECTICUT NATURAL GAS CORPORATION

U.S. \$20,000,000

EURODOLLAR CREDIT FACILITY

Blyth Eastman Paine Webber International Limited

Canadian Imperial Bank Group

The Long-Term Credit Bank of Japan, Limited

Société Européenne de Banque S.A. - Luxembourg

Société Générale

Berliner Handels- und Frankfurter Bank

Kredietbank, Grand Cayman Branch

Agent Bank

Canadian Imperial Bank of Commerce

February 1983

This announcement appears as a matter of record only.

Pneumo

PNEUMO CORPORATION

U.S. \$50,000,000

EURODOLLAR CREDIT FACILITY

Blyth Eastman Paine Webber International Limited

National Westminster Bank Group

Canadian Imperial Bank Group

UK COMPANY NEWS

ZAMBIA COPPER INVESTMENTS LIMITED

(Incorporated in Bermuda)

RESULTS FOR THE HALF-YEAR ENDED DECEMBER 31, 1982

The following are the unaudited results of the Corporation and its subsidiaries for the half-year ended December 31, 1982, which should be read in conjunction with the accompanying notes.

	Half-year ended December 31, 1982	Half-year ended December 31, 1981	Year ended June 30, 1982
US\$000s	US\$000s	US\$000s	US\$000s
Dividend income (Note 1)	47	2,665	2,667
Other income	1,813	1,178	2,487
Exchange gain (loss)	197	4	(2,312)
Administration expenses	2,087	3,847	2,842
Earnings before taxation	(265)	(263)	(425)
Foreign taxation	1,732	3,564	2,417
Earnings before extraordinary items	1,632	2,751	1,545
Extraordinary items (Notes 2 and 3)	(2,481)		(101,045)
Net (loss) earnings	(1,829)	2,751	(98,500)
Retained earnings at beginning of period	5,659	3,514	3,514
Transfer from share premium	2,230	6,265	(95,938)
Retained earnings at end of period	2,230	6,265	5,059

Notes:

1. No dividend income was received from Zambia Consolidated Copper Mines Limited (ZCCM), during the half-year ended December 31, 1982. The kwacha equivalent, net of withholding taxes, of US\$6.3 million of previously accrued income, remains blocked in Zambia.
2. The extraordinary item of US\$3,481,000 arose mainly as a result of the devaluation of the Zimbabwean dollar on December 9, 1982. An additional amount of approximately US\$2,500,000 will be shown as an extraordinary item in the second half of the year arising from the devaluation of the Zambian kwacha on January 7, 1983.
3. Botswana RST Limited (BRST) and BCL Limited (BCL) continue to experience serious financial difficulties. In October 1979, this Corporation granted De Beers Consolidated Mines Limited (De Beers) a fixed charge over all its assets as security for certain contingent liabilities undertaken by De Beers at that time in respect of BRST and BCL. In June 1982, the financial structure of BCL was substantially re-organised, as a result of which the above-mentioned contingent liabilities crystallised during the six month period ended December 31, 1982 and it is anticipated that others will do so in the future, although the amounts thereof cannot be reasonably estimated. In consequence, at December 31, 1982, this Corporation was obliged to pay to De Beers an amount of US\$307,000 of which US\$292,000 has been determined as irrecoverable and treated as an extraordinary item. As at December 31, 1982, the contingent liabilities amounted to the equivalent of US\$15,215,000.
4. In the light of the above-mentioned circumstances, the directors have not declared an interim dividend in respect of the financial year ending June 30, 1983.
5. ZCI has a 27.3% interest in ZCCM, whose latest available results are as follows:

	Half-year ended September 30, 1982	Half-year ended September 30, 1981	Year ended March 31, 1982
Production (tonnes)			
Copper	287,082	288,141	591,883
Cobalt	1,211	1,221	2,686
Lead and zinc	30,447	21,378	47,513
Sales (tonnes)			
Copper	324,670	30,339	569,995
Cobalt	1,349	720	2,341
Lead and zinc	38,429	18,512	44,800
Average proceeds per tonne (copper)	K1.374	K1.554	K1.552
Total sales revenue	K1,968 million	K15.7 million	K977.1 million
Net loss	K104.2 million	K55.6 million	K173.6 million
Dividend per share	Nil	Nil	Nil

	U.K. Transfer agents: Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.
Head office:	
Belvedere Building, Pits Bay Road, Pembroke, (P.O. Box 650, Hamilton 5) Bermuda.	

March 9, 1983.

This advertisement complies with the requirements of the Council of The Stock Exchange in London



NISSAN MOTOR CO., LTD.

(Nissan Jidōsha Kabushiki Kaisha)

(Incorporated under the Commercial Code of Japan)

U.S. \$100,000,000

5 1/4 per cent. Convertible Bonds 1998

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Bond:

Daiwa Europe Limited

Morgan Guaranty Ltd

IBJ International Limited

Algemene Bank Nederland N.V.

Banca del Gottardo

Bank of Tokyo International Limited

Banque Nationale de Paris

Baring Brothers & Co., Limited

Citicorp Capital Markets Group

Credit Suisse First Boston

Deutsche Bank Aktiengesellschaft

Robert Fleming & Co. Limited

Fuji International Finance Limited

Gulf International Bank, B.S.C.

Goldman Sachs International Corp.

Samuel Montagu & Co. Limited

The National Commercial Bank (Saudi Arabia)

Kleinwort, Benson Limited

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)

The National Commercial Bank (Saudi Arabia)

Morgan Grenfell & Co. Limited

J. Henry Schroder Wagg & Co. Limited

Société Générale

The Nikko Securities Co., (Europe) Ltd.

Swiss Bank Corporation International Limited

Yamaichi International (Europe) Limited

Smith Barney, Harris Upham & Co. Incorporated

Sumitomo Finance International

Union Bank of Switzerland (Securitis) Limited

S.G. Warburg & Co. Ltd.

The Bonds of \$5,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Bonds.

Interest will be payable semi-annually in arrears on 31st March and 30th September in each year, commencing 30th September, 1983.

Particulars of the Bonds are available in the statistical services of Exel Statistical Services Limited and may be obtained during usual business hours up to and including 25th March, 1983 from the above or from the brokers to the issue.

James Capel & Co.

Winchester House

100 Old Broad Street

London EC2N 1BQ

10th March, 1983

UK COMPANY NEWS

MINING NEWS

LONDON RECENT ISSUES

EQUITIES

Issue date	Price	Stock	Closing price + or -	No. of shares	Times	Value	P.E.	Ratio
Amount	Rate	High	Low					
149 F.P. 1/16 141	128	SAirforce Inds	156.7		57.0	1.5 6.8 12.6		
140 F.P. 2/24 141	105	100 Br. Kidney Park As	105		105.0	2.0 6.9 15.3		
174 F.P. 2/13 150	103	Scammoner	125		103.0	2.0 6.9 20.1		
138 F.P. 2/12 112	222	Scammoner Trust	210		138.0	2.5 6.9 20.1		
193 F.P. 4/5 185	88	Scammoner	350		193.0	2.5 6.9 20.1		
1192 F.P. 4/5 185	88	Scammoner	350		1192.0	2.5 6.9 20.1		
1193 F.P. 4/5 185	88	Scammoner & White	230		1193.0	2.5 6.9 20.1		
1194 F.P. 4/5 185	88	Scammoner & White	230		1194.0	2.5 6.9 20.1		
143 F.P. 4/5 185	88	Scammoner & White	230		143.0	2.5 6.9 20.1		
144 F.P. 4/5 185	88	Scammoner & White	230		144.0	2.5 6.9 20.1		
175 F.P. 2/26 105	25	Scammoner	250		175.0	2.5 6.9 20.1		
120 F.P. 1/18 100	100	Scammoner Priv Hse 21	100		120.0	2.5 6.9 20.1		
110 F.P. 1/18 100	100	Tele-Service Int'l	240		110.0	2.5 6.9 20.1		
150 F.P. 1/18 240	240	Tele-Service Int'l	240		150.0	2.5 6.9 20.1		
151 F.P. 1/18 240	240	Tele-Service Int'l	240		151.0	2.5 6.9 20.1		
152 F.P. 1/18 240	240	Tele-Service Int'l	240		152.0	2.5 6.9 20.1		
153 F.P. 1/18 240	240	Tele-Service Int'l	240		153.0	2.5 6.9 20.1		
154 F.P. 1/18 240	240	Tele-Service Int'l	240		154.0	2.5 6.9 20.1		
155 F.P. 1/18 240	240	Tele-Service Int'l	240		155.0	2.5 6.9 20.1		
156 F.P. 1/18 240	240	Tele-Service Int'l	240		156.0	2.5 6.9 20.1		
157 F.P. 1/18 240	240	Tele-Service Int'l	240		157.0	2.5 6.9 20.1		
158 F.P. 1/18 240	240	Tele-Service Int'l	240		158.0	2.5 6.9 20.1		
159 F.P. 1/18 240	240	Tele-Service Int'l	240		159.0	2.5 6.9 20.1		
160 F.P. 1/18 240	240	Tele-Service Int'l	240		160.0	2.5 6.9 20.1		
161 F.P. 1/18 240	240	Tele-Service Int'l	240		161.0	2.5 6.9 20.1		
162 F.P. 1/18 240	240	Tele-Service Int'l	240		162.0	2.5 6.9 20.1		
163 F.P. 1/18 240	240	Tele-Service Int'l	240		163.0	2.5 6.9 20.1		
164 F.P. 1/18 240	240	Tele-Service Int'l	240		164.0	2.5 6.9 20.1		
165 F.P. 1/18 240	240	Tele-Service Int'l	240		165.0	2.5 6.9 20.1		
166 F.P. 1/18 240	240	Tele-Service Int'l	240		166.0	2.5 6.9 20.1		
167 F.P. 1/18 240	240	Tele-Service Int'l	240		167.0	2.5 6.9 20.1		
168 F.P. 1/18 240	240	Tele-Service Int'l	240		168.0	2.5 6.9 20.1		
169 F.P. 1/18 240	240	Tele-Service Int'l	240		169.0	2.5 6.9 20.1		
170 F.P. 1/18 240	240	Tele-Service Int'l	240		170.0	2.5 6.9 20.1		
171 F.P. 1/18 240	240	Tele-Service Int'l	240		171.0	2.5 6.9 20.1		
172 F.P. 1/18 240	240	Tele-Service Int'l	240		172.0	2.5 6.9 20.1		
173 F.P. 1/18 240	240	Tele-Service Int'l	240		173.0	2.5 6.9 20.1		
174 F.P. 1/18 240	240	Tele-Service Int'l	240		174.0	2.5 6.9 20.1		
175 F.P. 1/18 240	240	Tele-Service Int'l	240		175.0	2.5 6.9 20.1		
176 F.P. 1/18 240	240	Tele-Service Int'l	240		176.0	2.5 6.9 20.1		
177 F.P. 1/18 240	240	Tele-Service Int'l	240		177.0	2.5 6.9 20.1		
178 F.P. 1/18 240	240	Tele-Service Int'l	240		178.0	2.5 6.9 20.1		
179 F.P. 1/18 240	240	Tele-Service Int'l	240		179.0	2.5 6.9 20.1		
180 F.P. 1/18 240	240	Tele-Service Int'l	240		180.0	2.5 6.9 20.1		
181 F.P. 1/18 240	240	Tele-Service Int'l	240		181.0	2.5 6.9 20.1		
182 F.P. 1/18 240	240	Tele-Service Int'l	240		182.0	2.5 6.9 20.1		
183 F.P. 1/18 240	240	Tele-Service Int'l	240		183.0	2.5 6.9 20.1		
184 F.P. 1/18 240	240	Tele-Service Int'l	240		184.0	2.5 6.9 20.1		
185 F.P. 1/18 240	240	Tele-Service Int'l	240		185.0	2.5 6.9 20.1		
186 F.P. 1/18 240	240	Tele-Service Int'l	240		186.0	2.5 6.9 20.1		
187 F.P. 1/18 240	240	Tele-Service Int'l	240		187.0	2.5 6.9 20.1		
188 F.P. 1/18 240	240	Tele-Service Int'l	240		188.0	2.5 6.9 20.1		
189 F.P. 1/18 240	240	Tele-Service Int'l	240		189.0	2.5 6.9 20.1		
190 F.P. 1/18 240	240	Tele-Service Int'l	240		190.0	2.5 6.9 20.1		
191 F.P. 1/18 240	240	Tele-Service Int'l	240		191.0	2.5 6.9 20.1		
192 F.P. 1/18 240	240	Tele-Service Int'l	240		192.0	2.5 6.9 20.1		
193 F.P. 1/18 240	240	Tele-Service Int'l	240		193.0	2.5 6.9 20.1		
194 F.P. 1/18 240	240	Tele-Service Int'l	240		194.0	2.5 6.9 20.1		
195 F.P. 1/18 240	240	Tele-Service Int'l	240		195.0	2.5 6.9 20.1		
196 F.P. 1/18 240	240	Tele-Service Int'l	240		196.0	2.5 6.9 20.1		
197 F.P. 1/18 240	240	Tele-Service Int'l	240		197.0	2.5 6.9 20.1		
198 F.P. 1/18 240	240	Tele-Service Int'l	240		198.0	2.5 6.9 20.1		
199 F.P. 1/18 240	240	Tele-Service Int'l	240		199.0	2.5 6.9 20.1		
200 F.P. 1/18 240	240	Tele-Service Int'l	240		200.0	2.5 6.9 20.1		
201 F.P. 1/18 240	240	Tele-Service Int'l	240		201.0	2.5 6.9 20.1		
202 F.P. 1/18 240	240	Tele-Service Int'l	240		202.0	2.5 6.9 20.1		
203 F.P. 1/18 240	240	Tele-Service Int'l	240		203.0	2.5 6.9 20.1		
204 F.P. 1/18 240	240	Tele-Service Int'l	240		204.0	2.5 6.9 20.1		
205 F.P. 1/18 240	240	Tele-Service Int'l	240		205.0	2.5 6.9 20.1		
206 F.P. 1/18 240	240	Tele-Service Int'l	240		206.0	2.5 6.9 20.1		
207 F.P. 1/18 240	240	Tele-Service Int'l	240		207.0	2.5 6.9 20.1		
208 F.P. 1/18 240	240	Tele-Service Int'l	240		208.0	2.5 6.9 20.1		
209 F.P. 1/18 240	240	Tele-Service Int'l	240		209.0	2.5 6.9 20.1		
210 F.P. 1/18 240	240	Tele-Service Int'l	240		210.0	2.5 6.9 20.1		
211 F.P. 1/18 240	240	Tele-Service Int'l	240		211.0	2.5 6.9 20.1		
212 F.P. 1/18 240	240	Tele-Service Int'l	240		212.0	2.5 6.9 20.1		
213 F.P. 1/18 240	240	Tele-Service Int'l	240		213.0	2.5 6.9 20.1		
214 F.P. 1/18 240	240	Tele-Service Int'l	240		214.0	2.5 6.9 20.1		
215 F.P. 1/18 240	240	Tele-Service Int'l	240		215.0	2.5 6.9 20.1		
216 F.P. 1/18 240	240	Tele-Service Int'l	240		216.0	2.5 6.9 20.1		
217 F.P. 1								



Financial statement, 1982

SKF Group profit for the year ending 31 December 1982 was 657 million Swedish kronor (MSkr) before exchange differences. Net sales rose 6 per cent.

	Jan-Dec 1982	Jan-Dec 1981
Sales (MSkr)	14,358	13,570
Operating income before depreciation (MSkr)	1,552	1,719
Income before exchange differences (MSkr)	657	805
Capital expenditure (MSkr)	709	622
Average number of employees	47,138	50,452

Group rolling bearing profit dropped back to 520 million kronor (MSkr 851 in 1981) affected by a fall of some 10 per cent in world ball and roller bearing consumption and concurrent price competition. Invoiced sales rose 2.5 per cent.

Despite receding markets, the steel division recovered sufficiently to show a 17 million kronor profit (MSkr 129 loss in 1981). Cutting tool profit rose 40 per cent to 53 million kronor, and other products in total increased their result from 35 to 67 million kronor.

With the prospect of an improving US business climate stimulating the economy in Europe later this year, it is anticipated that OEM customer demand will pick up. In this case a Group 1983 profit approaching that of 1982 is likely despite effects of short-time working and an expected steel division deficit.

The Board of Directors recommend dividends of 7 kronor for A and B shares, and 10 kronor per C share.

The Annual General Meeting will be held on Monday 30 May. Aktiebolaget SKF, S-415 50 Göteborg, Sweden.

Blundell-Permoglaze Holdings PLC



Profits maintained despite recession

In his Statement to shareholders the Chairman, Mr. Robert White, reported maintained profits of £2.02 million for the year ended 31st October 1982 on turnover increased by 13% to £29 million. An increase in the total dividend from 5.60p to 6.0p per share is recommended. Other key events during the year were:

£1.4 million raised by rights issue

Acquisition of part of industrial paint business of Ault & Wiborg

Joint venture distribution company formed in Northern Ireland

51% of West German paint manufacturer, Contilack, acquired since year end.

Speaking at the Annual General Meeting about prospects for the current year

Mr. White said:

"Sales volume during the first four months of the current financial year has been similar to the previous year, but there has been no sign of an upward trend in industrial activity. The Group has proved in recent years, and last year in particular, its ability to perform well in difficult circumstances. I am sure that shareholders will continue to be satisfied with the Group's results."

BLUNDELL-PERMOGLAZE
Manufacturers of building paints and products and industrial finishes.
York House, 37 Queen Square, London WC1N 3BL.

New issue
March 10, 1983

EUROFIMA

Europäische Gesellschaft für die Finanzierung von Eisenbahnmaterial, Basel
Société européenne pour le financement de matériel ferroviaire, Bâle
Società europea per il finanziamento di materiale ferroviario, Basilea

DM 100,000,000 7½% Deutsche Mark Bearer Bonds of 1983/1991

Offering Price: 100%
Interest: 7½% p.a., payable annually on March 1
Redemption: March 1, 1991 at par
Listing: Frankfurt am Main, Düsseldorf, Hamburg and München

**Deutsche Bank
Aktiengesellschaft**
Bank für Gemeinwirtschaft
Aktiengesellschaft
Bayerische Vereinsbank
Aktiengesellschaft
Bankhaus Grindmann
Deutsche Girozentrale
— Deutsche Kommanditbank —
Dresdner Bank
Aktiengesellschaft
E. Metzler und Sohn & Co.
Schröder, Minchmeyer, Henget & Co.
M.M. Warburg-Grindmann, Wirtz & Co.

Ameri International
Limited
Credit Suisse First Boston
Limited
Swiss Bank Corporation
International Limited

Bayerische Hypotheken- und Wechsel-Bank
Aktiengesellschaft
Joh. Berenberg, Gossler & Co.
Commerzbank
Aktiengesellschaft
Deutsche Verlaufs-Kredit-Bank
Georg Hauck & Sohn Bankers
Kommanditgesellschaft auf Aktien
Norddeutsche Landesbank
Girozentrale
Trinkaus & Burkhardt
Westdeutsche Landesbank
Girozentrale
Württembergische Kommandite Landesbank
Girozentrale

Bank of Tokyo International
Limited
Kreditbank S.A. Luxembourgeoise
Union Bank of Switzerland
(Securities) Limited

Companies & Markets

Smiths Industries expands in France

Agreement has been reached for Smiths Industries to acquire Lejeune, Seitz, Ameline SA from its owners Headlyne Inc of the U.S. subject to French government approval.

LSA, based in Paris, is a French government-approved distributor of a wide range of medical products and, for many years, acted as the distributor of single use medical devices manufactured in the Berck-sur-Mer factory of SI's French medical subsidiary Laboratoire Portex SA.

Consideration is approximately \$1m cash.

BENTLEY STAKE IN YELVERTON

Mr John Bentley has bought 12.5% of Yelverton Investments, a small investment company quoted on the USM. The purchase gives Mr Bentley a 13.9 per cent stake and he has been invited to join the board.

Last December Mr Jim Slater and Mr Colin Bray together with Yelverton Investments, failed in their attempt to make a property deal with Parkdale Holdings, whereby Parkdale, a financial services company, would have acquired a portfolio of property from Yelverton. Mr Slater and Mr Bray in return for a 12 per cent stake in Parkdale. There were differences between the two sides on future policy and the deal was abandoned.

UNIGROUP BUYS 30% OF KEVCO

Garment manufacturer Unigroup, formerly U. U. Textiles, has subscribed £50,000 cash for 30 per cent of Kevco.

Kevco was formed recently to acquire the exclusive marketing rights in the UK to a patented aerosol system developed in Sweden, which uses air as a propellant rather than the chemicals used in existing aerosol systems. Kevco has an option to manufacture the system in the UK on a joint venture basis.

Directors of Unigroup believe the product has considerable potential and will play an important part in the company's long-term development.

BUTTERFIELD-HARVEY DEAL COMPLETED

Butterfield-Harvey has completed the sale of the freehold of the Eaton Socon factory of Shavelock and Drewry as foreseen in the accounts.

The £1.2m proceeds will be used to reduce bank borrowings. The property had a book value of £2.1m at April 3 1982, but a provision had not been made against the book loss as mentioned in the recent interim statement.

Dominion and Gen.

The board of Dominion and General Trust has decided to submit proposals to members for the unitisation of the trust. This decision resulted from an approach by the London and Manchester Group, which holds 24.1 per cent of the ordinary shares, and after discussion with other large shareholders.

Morgan Crucible

Morgan Crucible Company has acquired the Spanish Ceramico Industriales SA, a private company, of Barcelona. The company, the largest manufacturer of technical ceramics in Spain, has an annual turnover of some \$4m.

This advertisement appears as a matter of record only.

BIDS AND DEALS

Beazer increases Second City bid

C. H. Beazer (Holdings), the West Country building and building materials group, has increased the value of its offer for Second City Properties by £2.3m to £18.1m and persuaded Second City's board to back its bid.

Beazer is offering two of its own shares and £530 in cash for every nine shares of Second City, a West Midlands property developer.

This values each Second City share at 77p, an increase of 35.1 per cent over the 57p share price on February 15 on the basis of £2.70p per cent.

Beazer's stake, held 2.32m shares representing 8.87 per cent of the equity and gained irrevocable undertakings from directors and their families, share a further 2.53m shares or 10.76 per cent.

Beazer's holdings from other shareholders with 926,000 shares or 3.83 per cent have also been given.

Second City's board and its

financial advisers, Samuel Montagu, recommended other shareholders to accept.

The two boards believe a merger would bring increased geographical and commercial advantages. The two companies have traded with each other on several occasions in recent years, they added.

A merger would create a company with a housebuilding capacity of up to 2,000 homes a year stretching from the North Midlands to southern England.

Upon the offer going unconditional Mr W. L. L. R. Jobern, the chairman of Second City together with Mr S. Barnes, a non-executive director, will resign.

Second City shareholders will receive the interim dividend of 8.5p per share in respect of the year ending April 30 1983.

Second City's shares rose 2p to 73p yesterday, while Beazer's shares fell 2p to 26.5p.

Offer for Westminster holding oversubscribed

Saint Piran, the mining and building group which is now part of Mr Jim Raper's master company, Gascos Investments of Hong Kong, revealed yesterday that its tender offer for almost 1.8m shares in the Westminster Property Group had been five times oversubscribed.

The tender was aimed at lifting Mr Raper's stake in the company from 33.61 per cent—the holding acquired three weeks ago from Twentieth Century Banking—to 29.99 per cent, which is the amount of holding he is allowed without triggering a full bid for the company.

Wanting a further 1,770,000 shares, Mr Raper attracted acceptances from shareholders accounting for 8m shares with his offer priced at 35p per share. This was equivalent to 28.7 per cent of the issued shares in Westminster. Share prices rose a penny yesterday to close at 30p.

Following disclosure of Mr Raper's plans to build up his stake to 29.99 per cent, Mr Norton's plans to build up his stake to 29.99 per cent, Mr

Ravenhill, chairman of Westminster, said the board "had no intention of inviting Mr Raper or any nominee of his to become a director of St Piran" to become a board member.

He also warned shareholders that they "should be aware that Mr Raper has been criticised by the Panel on Takeovers and Mergers as a person unfit to be a director of a public company."

Mr Ravenhill said that he looks upon the company as a good investment and no more, and I must take him at his word."

The results of Mr Raper's tender coincided with news that Mr David Kirk, a Jersey-based businessman, has built up a holding in Westminster to 14.99 per cent. Mr Kirk first bought shares in the company about a year ago.

These announcements come just a day after Westminster's other main institutional shareholders, Marchwell, sold 5.8 per cent of its 8.1 per cent holding in the company.

Loss-maker W. E. Norton unveils rescue package

BY DOMINIC LAWSON

W. E. Norton, the loss-making machine tool distributor, is undertaking a complex rescue operation involving a major disposal, a rights issue and a subscription.

It all goes according to plan, shareholders' funds will be boosted by about £1.5m, enough to wipe out our net debt.

The rights issue, which is not underwritten, will involve the creation of a new class of 1p share which, if fully taken up, should raise £200,000.

Agreement has also been reached for a direct cash subscription for £2m new ordinary shares at 10p each.

Mr Steven Jamieson, the chairman of Security Centres, but unexpectedly resigned last June.

He will become chief executive and if the rights issue is fully taken up, will hold about 38 per cent of the enlarged capital after the direct cash subscription.

Rock, Durham is purchasing Norton's small tools division for £550,000, to be placed on a placing of Rock shares. This transaction will involve Rock assuming the division's £350,000 overdraft, and will thus reduce Norton's borrowings by about £1.6m.

Mr Jamieson was the founder of Rock, Durham, a small tools division for £550,000, to be placed on a placing of Rock shares. This transaction will involve Rock assuming the division's £350,000 overdraft, and will thus reduce Norton's borrowings by about £1.6m.

Mr Norton, the chairman, said: "When the banks decided to let us use our stocks as collateral against debt we had no choice but to try and rescue the company in this way. Brown Shipley introduced us to Mr Jamieson and we are very pleased that he has committed to us.

Mr Norton added: "Now we can stop talking with the banks every day, and we can look for

ward to getting better credit terms from our suppliers."

Norton's share price had roughly doubled to 9p in the three weeks leading up to the announcement. Mr Norton commented that he was not entirely happy about the share price movement.

Norton shareholders will be invited to subscribe for about 16.3m new 1p shares on the basis of four for every nine units of 5p at 1.25p each and 80 new ordinary shares at the same price for every nine 11 per cent convertible cumulative redeemable preference shares of £1 each 1986/2001.

Comment

It would be churlish if W. E. Norton's shareholders were to complain about the dilution that will be brought about by such a deep discount rights issue, since it is clear that the rescue package will not require any new equity.

But since Mr Jamieson is getting his hefty chunk of the company at a bargain basement price, it was the right thing to do. However, with the company effectively disposing of over 70 per cent of turnover in one go, shareholders are being asked to make something of a leap in the dark. The remaining machine tool business is the core of the company that was chewing lumps off reserves, so Mr Jamieson is clearly going to have to do some quick thinking. Given his previous career the speculation will be about a move into the burglar alarm business, but such companies change hands at very favourable prices. However, Norton's share price, having last week gone up 72 per cent yesterday to a three-year high of 15p, is probably about 10 times the asset value of the business. That is putting a lot of faith in the abilities of the new chief executive, since Norton is still a machine tool distributor, not yet a convenient shell operation.

SHARE STAKES

Graysen Group — Following recent sales the Prudential Corporation no longer has a significant interest in the ordinary shares.

Richardsons, Westgarth — Caparo Industries has acquired 340,000 ordinary, bringing its total holding to 2.23m shares (17.6 per cent).

Neumann (1981) — Witton Investment Company is interested in 1,516,020 shares (11.35 per cent).

MTS — Barclays nominees M. G. account has sold 197,500 ordinary, reducing its holding to 4.95 per cent.

Ladies' Pride — Prudential nominees holds 569,500 ordinary (6.93 per cent).

River and Mercantile Trust — A subsidiary of Sun Life Assurance Society has sold 90,000 ordinary, reducing the group's holding to below 5 per cent.

Lynton Holdings — T.R. property Investors Trust own 500,000 ordinary (5.03 per cent).

Greenway Property — A subsidiary of Fairlawn Construction Group, has acquired a further 500,000 ordinary, which increases its holding to 5,225,353 (19.74 per cent).

Chubb and Sons — The Kuwaiti Investment Office has an interest in 2,966,250 ordinary.

W. Canning — Britannic Assurance has reduced its ordinary holding from 1.63m

NOTICE OF REDEMPTION

Citcorp Overseas Finance Corporation N.V.

As 10

JOBS COLUMN

Ask a partial question . . . • Two posts • Swap

BY MICHAEL DIXON

WHAT PROPORTION of people aged 16 and over in Britain would you say thinks the Government spends too little on education? The answer according to a new report from the respected opinion-research company, Social Surveys' (Gallup Poll), is 72 per cent.

That finding no doubt morally strengthened the lecturers, students, educational support staff and so on who demonstrated throughout the country yesterday demanding a bigger share of taxpayers' money. The protests were organised by various unions representing educational interests, including the Association of University Teachers which commissioned the survey report.

But there is something about the survey exercise that clashes with this column's belief—which I suspect is shared by many others—that one of the essential things we must encourage teachers to do for us is to be impartial and rigorous in seeking out and promulgating the truth.

My complaint is that the survey's question to a representative sample of 906 citizens over compulsory school age did nothing to remind them explicitly that money can't be produced simply by wishing for it. Where questions on practical affairs are concerned, that deficiency is irritating. There is no sense in asking whether people think the Government

should 'provide more' of something, unless they are also required to state what else they'd be prepared to see less of, such as money left after payment of taxes, so as to finance the extra something they'd like.

Since that condition was left out of account when the 906 citizens were questioned, the too little was being spent on education justified no stronger conclusion than that a substantial majority of people with them was more money around.

The same failure to require those questioned to say in what ways they'd be ready to have spending power reduced instead also cuts the ground from under the most specific finding. It was that 69 per cent opposed the "particular cut" which the questionnaire said had done away with more than 60,000 places for students.

When I telephoned Gallup about the deficiency I was told that although the survey had not pointed out explicitly that spending power is finite, it sought to suggest as much in a more subtle way. This was by asking whether too much, too little, or about enough was being spent not only on education but on four other public services as well.

It turned out that the Government was also thought to be underspending on the National Health Service by 71 per cent,

on old-age pensions by 64 and on the roads by 61.

The only public service identified by the poll as a possibly acceptable candidate for economies was "armaments and defence". There, 49 per cent thought too much was spent, about enough, 13 too little, and the other 8 per cent didn't know.

Moreover, Gallup said, much the same pattern of response had been elicited every time the same questions about the same public services had been asked.

The only appreciable variation was that the reading of the public mandate had not followed by a drop from the previous level—since restored—in the proportion thinking too much is spent on armaments and defence.

How long has Gallup been regularly asking the questions? "For at least a decade."

So most people also thought too little was being spent on education, the Health Service, pensions and roads even when expenditure on them was still increasing? "Yes," Gallup said.

Didn't that suggest the subtle approach was failing to get across to those questioned that they are being asked to state what they'd like, not ideally, but in real conditions where spending power is finite? Gallup seemed to agree there, too.

So why not stop being subtle and point out bluntly that increases in taxpayers' spending on anything can be achieved

only by decreasing their power to spend on something else?

The reply was that Gallup is a commercial operation and so, at the end of the day, the questions it can afford to ask are limited to the questions which the organisations carrying its surveys are prepared to pay for. "And all pressure groups commissioning surveys go for the questions that are going to suit their own case best."

Gallup was therefore candid about its position which, of course, is entirely justifiable. But the same cannot be said of members of the Association of University Teachers who condone even tacitly the use of the opinion poll on their behalf.

It is one thing to accept money in return for, among other duties, being impartial and scrupulous in pursuing and disseminating the truth. But it is quite the opposite to allow one's self-interest to be furthered by the gathering and citing of spurious evidence.

Academics willing to sit back and so possibly benefit in both ways are ultimately only worsening the damage already done to the universities' credibility.

What's more, British educators in general should be ashamed to have turned out a representative sample so prone to pressure group exploitation by being willing to answer such questions without first demand-

ing to know whether they were being asked what they'd like ideally or what they think would be most acceptable in practice.

Colt DP

JANET BITMEAD, company secretary of the Gloucestershire-based Colt Car subsidiary of the Japanese group, wants to hear from established or aspiring data processing managers with experience with large mini and small mainframe computers and success in installing and controlling effective systems.

Salary around £15,000, perks include car (guess what).

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and/or other non-relevant

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wards, plus bonus.

Inquiries to Mr Standing at

Anthony Nevile International,

14 Highwoods Close, Marlow

Bottom, Bucks SL7 3PG; tel: 062 84 5931, telex 847159

Help!

LASTLY, can any reader help Gunter König of the West German equivalent of the Man-

agement Services Commission to

provide an EEC scheme to

give young German and British

skilled workers a year's experience

of using their skills in the

other country?

The year's job-swap will

follow two months of EEC

funded language-learning pro-

vided by Language Studies

whose chief John Bailey hopes

to hear from at least 10 British

organisations, preferably

smallish, interested in taking

part. He can be contacted at

13 Lyndhurst Terrace, London

NW1, tel: 01-435 8852.

"It's a fine opportunity not

for the young people but

for their employers to

strengthen overseas contacts,"

Herr König says.

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If you are interested in this challenging post, please write with full career details, or alternatively, telephone for an application form to: The Personnel Manager, The British National Oil Corporation, 29 Bolton Street, London W1 8BN. Tel: 01-408 1840 ext. 3227. Completed applications quoting reference number (T/EA/FT) should be received by Friday 8th April 1983.

BNOC

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We are seeking a Senior Deposit Dealer to join our recently expanded Dealer Room.

The successful applicant will be aged 25-35 and have at least five years' experience as a Deposit Dealer/Trader.

Responsible to the Chief Deposit Dealer, for whom the appointee will act as No. 2, and duties will include trading in dollar instruments, forwards and futures.

We offer a salary commensurate with experience and qualifications together with generous fringe benefits.

Applications, in confidence, with full CV to:

* Mr K. J. Wenden
NEDBANK LIMITED
Nedbank House
20 Abchurch Lane
London EC4N 7AD

Nippon Kangyo Kakumaru (Europe) Limited

This expanding Japanese Securities Company seeks one Eurobond Sales Executive and one Eurobond Trader to join its small Eurobond team.

EUROBOND SALES — The successful applicant is likely to be about 30-35 years of age with a minimum of three years' sales experience.

EUROBOND TRADER — Applications are invited from experienced traders aged between 25 and 35 years.

Salary for both positions will be negotiable but at an appropriate level according to age, experience and relevant qualifications.

Applications should be made, in writing only, please, to:

Mr. K. Nakada
NIPPON KANGYO KAKUMARU (EUROPE) LIMITED
5th Floor, Garden House, 18, Flushing Circus
London EC2M 7AT

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Percy COUTTS & CO. LTD.
25 Whitehall,
London SW1A 2BT.

CANWOOD SMITHS AND CO. are conducting a nationwide search for Directors in their Private Clients Department. The successful candidate will be a professional with either a personal or business background. The age will probably be under 35, although age is no bar provided that you have a good academic record. Please supply your own handwriting stating experience, qualifications and salary required. J. M. S. Smiths, Suite 22 East Parade, Harrogate HG1 5LT.

CJA

Opportunity to join London-based International bank with immediate prospects of making key contribution to the growth of an associated overseas operation

RECRUITMENT CONSULTANTS

35 New Broad Street, London EC2M 1NH

Tel: 01-588 3588 or 01-588 3576

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FINANCIAL COMPTROLLER - BANKING

EUROPE/SAUDI ARABIA

ATTRACTIVE TAX FREE SALARY + SUBSTANTIAL BENEFITS

NATIONAL DOMESTIC BANK WITH MAJOR EXPANSION PLANS

This new appointment, on secondment from a highly successful London-based International bank, calls for a professionally qualified Accountant experienced in banking and fluent in English. At least three years in broadly based commercial banking is required at a senior management level. As a key member of the top management team of a Saudi national domestic bank the successful candidate will be responsible for developing and implementing all aspects of the accounting and financial control systems of the bank including financial planning, budgeting and profit analysis, together with the extension of the bank's computer-based accounting system. The ability to co-ordinate the demands of a rapidly growing branch network and the related multi-national staffing needs is essential. An attractive salary and bonus is offered plus a generous range of fringe benefits. Applications in strict confidence under reference FCB1152/FT to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

A wide-ranging and challenging appointment

FINANCIAL MANAGER

LONDON SW1

£15,000 - £18,000

WHOLLY-OWNED SUBSIDIARY OF MAJOR U.S. ENERGY CORPORATION

For this appointment with a company engaged in the exploration and production of oil and gas in the North Sea, we invite applications from Chartered Accountants with minimum of 3 years' post-qualification experience, either within the accountancy profession or a commercial organisation, using modern accounting systems and ideally in tax planning. Preferred age range is 27-32, but older candidates with energy industry experience will be considered. Linking closely with the U.S. West Coast parent company, main responsibilities will be with the London Office's accounting administration, joint venture negotiations, investment appraisals and, of primary importance, effective cost management. The ability to operate in a fast-moving environment as one of a small team is important, as is commercial fair, presence and lucid communication skills. Initial salary negotiable £15,000-£18,000 + non-contributory pension, free life assurance, free BUPA and assistance with removal expenses, if necessary. Applications in strict confidence under reference FM052/FT, to the Managing Director:

ACCOUNTANCY AND LEGAL PROFESSIONS SELECTION LIMITED,
35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576.

* Please only contact us if you are applying for one of the above positions.

Increase our International and U.K. Banking Business

£20,000 - 25,000 + benefits

Are you capable of increasing the volume of International and U.K. business in an expanding foreign bank? Total staff in London is c.50 and you will have every opportunity to make a significant impact and play a major part in the Bank's future development.

As Business Development Manager, reporting to the General Manager, you will concentrate on developing business in short term trade related activities, guarantees, performance bonds and syndicated loans. In addition you will assist in the development of new business with U.K. corporate customers which will involve liaising closely with the Manager working in this area.

Cripps, Sears

International Credit Finance

A major insurance broking organisation, based in the City of London, wants to recruit a bright 25-30 year old for their Political Risk division.

This opportunity is for someone articulate and intelligent with experience in International Finance/Export Credit/Credit Analysis. Some knowledge of the insurance market and dealings with the ECGD would be helpful but are not essential.

After an initial period of training your work will involve worldwide business in such areas as export contracts and foreign investments. You will be dealing directly or indirectly with clients, and will need to travel overseas on business in due course.

The starting salary is negotiable, and you will receive usual large company benefits.

Please send your cv in confidence to Confidential Reply Service, Ref. ASI 8653, Austin Knight Limited, London, W1A 1DS.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

Austin Knight Advertising

Philips Pension Fund

Central London

Applications are invited from men and women for the position of Portfolio Manager for the Philips Pension Fund. The successful applicant, preferably under 30 years of age, must have at least four years' experience of analytical work covering both U.K. and overseas equities, and ideally will already hold a position which includes taking some responsibility.

Candidates should hold an appropriate qualification and be capable of playing a full part in decision making within a small team.

Salary will be commensurate with experience and ability and conditions of employment are those associated with a large organisation.

Please send brief details to:

Miss S. M. Mitchell, Personnel Manager,
Philips Electronics, Arundel Street,
London WC2R 3DT.



PHILIPS

INVESTMENT TEAM

A Knightsbridge-based Investment Services Company covering an exceptionally broad range of investment media is currently looking for an Investment Associate to deal with U.S. Equities.

Working within a team of young innovative and internationally-orientated investment advisers, the person would be responsible for monitoring, reporting and initiating strategies within the U.S. markets.

The applicants, preferably under 30, should show a high degree of personal initiative, be eager to increase their skills and education and enjoy working in a team. They should have had between one and three years' experience in trading, research or investment management in the American markets.

Excellent salary plus fringe benefits including attractive environment.

Please write in confidence to:

The General Manager
I.T.B. SERVICES LIMITED
2 Albert Gate, London SW1X 7JU

Accountancy Appointments

Platinum //

Finance Director Designate

CA, 32-38

c£22,500+car

Herts

Platinum plc seeks a Director Designate to join the board after a short introductory period. A recent recapitalisation and reorganisation, an important acquisition and the design of a new product range have laid the foundations for significant growth. The appointee will be a graduate Chartered Accountant trained by a major firm, with subsequent experience incorporating special investigations and senior line responsibilities in manufacturing industry. A strong systems background and the ability to work with City institutions are essential. Only those of the highest calibre will be considered. Salary negotiable and relocation expenses as appropriate.

Please write in confidence, quoting reference 4685/L and enclosing career details, to N.P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

P
Peat, Marwick, Mitchell & Co.
Executive Selection Division

FINANCE DIRECTOR

Expanding public company requires really competent Finance Director for its substantial and highly successful food manufacturing subsidiary situated on the South coast.

The company manufactures a wide range of products and is highly regarded in the retail grocery trade. Turnover is around £17m and there are sophisticated data processing and reporting systems.

The successful candidate will be a qualified Chartered Accountant aged around 35 with several years experience in a similar position, preferably in the food manufacturing industry.

A good salary and other benefits associated with this important position will be paid as will relocation expenses.

Please send full curriculum vitae to:



C. A. Innes, F.C.A.,
Finance Director,
SALE TILNEY PLC,
28 Queen Anne's Gate, London SW1H 9AB.

ACCOUNTANCY
APPOINTMENTS
Rate £31.50
per single column centimetre

Group Financial Director

International Trading £50,000+

Our client is a highly successful international group with a worldwide annual turnover of over £3 billion. Recent and envisaged continuing expansion has created the need for the appointment of a main Board Director, based in London.

The position requires an individual with extensive top management experience of international finance, taxation and strategic planning. Personal skills in working with a closely knit team in a swiftly changing commercial environment are essential.

Rewards commensurate with the importance of the role will be negotiated with appropriate fringe benefits.

The position is unlikely to be of interest to those currently earning less than £50,000 per annum.

Applications will be handled personally in the strictest confidence by David T. Young, the Managing Partner of the Company's advisers.

Please write to him with brief career details at

SP Spicer and Pegler Management Consultants,
56 St. Mary Axe, London EC3A 8BJ.

Finance Director

Rural South Midlands

Our client, part of a major U.K. consumer group, is a physical distribution company which is a leader in its field. T.O. c£25m. Due to promotion, a commercially orientated Finance Director is sought to join this expanding operation.

Candidates, aged 30-35, will be qualified accountants, preferably with a relevant degree, supported by broad commercial experience gained at a senior level. This challenging role is responsible for the total finance and accounting functions of the business. Moreover, the position carries considerable commercial and legal responsibility for insurance and leasing activities, pricing, drawing up and assisting in the negotiation of contracts. The job holder will also be expected to contribute substantially to the strategic planning of the company and take a full part in the operations of the board.

For an individual with an outgoing personality, sound management skills and business acumen there is potential for significant personal development.

A highly competitive salary package is offered, with relocation payment where appropriate. Long-term prospects are excellent both within the company and the group.

Candidates should write to Nigel Hopkins, F.C.A., enclosing a comprehensive curriculum vitae, quoting ref. 910 at 31 Southampton Row, London WC1B 5HY.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Glasgow

£18,000+ Car

Assistant Chief Accountant

North London

to £15,000+car

The company is world leader in its specialty sector of consumer marketing and retailing. Its high operating standards, professional management style and effective business practices coupled with a quality product have led to its current leading position. Growth rates are exceptional, meeting demanding targets.

The job is a new one. It involves leading and motivating a young team to provide responsive, financial information to management. It offers experience of people management, finance and accounting and systems development in a fast-moving environment. Prospects for career development are exceptional.

Candidates must be qualified with at least two years experience in a sophisticated, marketing-led environment. Personal qualities of determination, ambition and energy are demanded together with high professional standards.

Please reply in confidence giving concise career and personal details and quoting Ref. ER595/FT to I.D. Tomison, Executive Selection.

Arthur Young McClelland Moores & Co.,
Management Consultants,
Rolls House, 7 Rolls Buildings,
Fetter Lane, London EC4A 1NH.

Arthur Young McClelland Moores & Co.

A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

EUROPEAN INTERNAL AUDITOR

Here at Air Products, a world leader in industrial gases, auditing is rightly regarded as an important management tool. Now, due to internal promotion, a challenging opportunity exists for a capable, young mature man or woman at our Hersham headquarters in Surrey.

The person we're seeking will be a graduate, professionally qualified with 1-2 years' post-qualification auditing experience gained in a large company. If you fit the bill, your main responsibility will be to plan and carry out audits on a wide range of company activities including computerised management information systems, efficiency of operations and acquisition investigations, either working on your own initiative or as a team member.

As some 30% of your time will be spent visiting our sites throughout the UK and in Europe, mobility and the ability to communicate in French or German are essential. You must also be able to communicate effectively at all levels.

You'll find that the prospects match the generous salary and benefits package offered. To find out more, please contact: Linda Allen, Personnel Department, Air Products Limited, Hersham Place, Molesey Road, Walton-on-Thames, Surrey. Telephone Walton-on-Thames 49477.

Air Products

Qualified ACMA/ACA

Age 25-28

To £15,000

Berkshire

A manufacturing operation within a division of one of the world's leading consumer products groups, our rapidly expanding client has a current turnover in excess of £20 million.

Joining in a position providing line management experience and exposure to senior executives, the Accountant will be a key member of the local management team. With an emphasis on R and D project control and business planning, he or she will manage the accounting function, maintain and improve computer based systems and be involved in all commercial aspects of the division.

Applicants, aged 25-28, should be graduate qualified accountants from industry or the profession. Please write, enclosing a career history and day time telephone number, to David Hogg FCA, quoting reference 1/265.

EMA Management Personnel Ltd.
Halton House, 20/23 Holborn, London EC1N 2JD
Telephone: 01-242 7773 (24 hour).

Senior Auditors

Starting Salary c £11,000

Two recently qualified accountants (ACCA, ACMA, CA or CIPFA) are required. Each will head a small audit team. Previous local authority experience is not essential as many of the audits will be similar to those undertaken in the private sector.

The Council's internal audit division has an establishment of 24 divided into five teams. One vacancy is for a team leader responsible for the audit of the education services the other vacancy is for a team leader responsible for the audit of a number of services including building and highways maintenance, transport, stores and leisure facilities.

The postholders will be encouraged to exercise initiative, to motivate their staff and to play a full part in the professional management of the audit division. The work is challenging and interesting, with the emphasis on systems audits, efficiency audits and the development of computer audit techniques.

For further information on these appointments please telephone Andrew Henderson or David South on 01-903 1400 extn 8226 or 8221.

BRENT IS AN EQUAL OPPORTUNITY EMPLOYER. APPLICATIONS ARE WELCOME FROM CANDIDATES REGARDLESS OF RACE, NATIONALITY, ETHNIC OR NATIONAL ORIGINS, AGE, MARITAL STATUS, SEX, SEXUAL ORIENTATION AND FROM REGISTERED DISABLED PERSONS.

Application forms and job descriptions from the Personnel Division, Room 708, Brent House, High Road, Wembley, Middlesex returnable 30th March 1983. Telephone 01-903 0371 (24-hour Ansafone service). Reference number F/195 must be quoted.

London Borough of
BRENT

FINANCIAL DIRECTOR

Financial Service Company
to £16,000 + car

Our client is a progressive and expanding leasing company and part of a 'Fortune 500' transnational corporation.

The role is broad ranging and includes general financial management with some involvement in financial negotiations related to the company's basic activity.

Candidates should be Chartered Accountants with a degree and at least two years' experience in commerce or industry. Ideal age 28-32.

Salary is negotiable with an attractive benefits package which includes a company car. Location is Central London.

Send a resumé or ring for an application form, to Stewart Adamson FCA or Alan Brown, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Telephone 0462 55303 (24 hour answering).

GS GROSVENOR
STEWART INTERNATIONAL FINANCIAL
RECRUITMENT London Brussels Hitchin

FINANCIAL CONTROLLER

COMMODITY TRADING

We are International Commodity Merchants and Shippers, mainly of edible oils, buying physical goods from the USA and Far East and selling in the international markets. We have offices in London and Singapore.

We are looking for a qualified accountant to be based in London (although short trips may be required to the Far East) to act as Financial Controller of the Group.

Applicants should have experience in international commodity trading and shipping and be able to mix day-to-day keeping of books, producing monthly management accounts and dealing with trade finance departments of international banks. An ability to work independently and with the confidence to operate with a small group of highly-motivated individuals is essential.

Written applications containing career details should be forwarded to:

Box A8129, Financial Times
10 Cannon Street, London EC4P 4BY

Corporate Internal Auditor

Slough-based; UK & European travel
c. £12,500

Johnson & Johnson is a leading international health care company with an impressive growth record and worldwide manufacturing and marketing operations generating a turnover in excess of 5 billion dollars.

A Corporate Internal Audit office, reporting to the Director of Audit in the USA, has recently been established in Slough to assume responsibility for the financial and operational audits of the UK and European subsidiaries. In this key role, which will involve substantial travel within the UK and Europe, exposure to senior international management will be assured, and prospects of a move into line management within 3-5 years are excellent.

A Chartered Accountant aged 25-30 and

probably with at least 1-2 years' post-qualification experience in one of the major professional areas, your background should include US audit experience. While European experience and a working knowledge of another European language, particularly German or French, would be ideal, greater importance will be placed upon your ability to communicate with international management at all levels. The attractive salary is supported by an impressive range of large-company benefits including BUPA and assistance with relocation, if appropriate.

To apply, please write enclosing full cv to:

The Manpower Resourcing Manager,

Brutel Way, Slough, Berks SL1 1XR.

Johnson & Johnson

Accountancy Appointments

STOCKBROKERS

Small company seeks Assistant with some experience in accountancy and/or City background. Age immaterial. Essential qualifications, integrity, reliability. Excellent prospects. Successful applicant will eventually participate in all aspects of the business. Salary according to age and experience.

Write Box A8146
Financial Times
10 Cannon Street
EC4P 4BY

Group Financial Controller

Engineering

£20,000

A well-known engineering company specialising in plant and equipment used in energy conservation/utilisation and in environmental control—air, water, waste disposal—requires a Financial Controller for its European headquarters. He or she will be responsible to the Chief Executive for ensuring the accurate and timely information is supplied, according to corporate standards, by all operating units. He or she will guide and support local managers, ensuring, for example, that their systems and procedures are regularly up-dated. Candidates should be chartered accountants who have had several years' experience in the engineering industry. They should be familiar with both project and standard costing.

PA Personnel Services

Hyde Park House, 66 Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Tele: 27874



A member of PA International

Financial Controller

Board Potential
Estates Development

Oxford
to £25,000 plus car



This successful private group has established a high reputation as house builders and estate developers in the Home Counties. Current turnover is £10 million.

With its land bank of prime development sites and sound financial backing, the company is confident of its ability to take full advantage of the emerging growth in the housing market.

However, tight financial management will be critical and they therefore wish to recruit a top calibre Financial Controller. Working closely with the Chairman, you will be responsible for all accounting, treasury, taxation and company secretarial matters.

Candidates should be Qualified Accountants, aged around 35, with several years' commercial experience involving computer based systems. Some experience of property development, funding and DLT would be an advantage.

There is an attractive remuneration package, including car and relocation assistance, and an early Board appointment is envisaged.

Please send concise personal, career and salary details, quoting ref. P2003 to: W. S. Gilliland, Executive Selection Division.

Thornton Baker Associates Ltd, Fairfax House, Fulwood Place, London WC1V 6DW.

Overseas Accountant

S.E. London

c. £13,000 + benefits

Our client is a progressive marketing orientated UK public group with a turnover of around £100 million. An excellent expansion record by acquisition and internal growth has necessitated appointing an overseas accountant.

Candidates aged 24-27, will be qualified accountants and a European language would be an advantage. Duties involve implementing systems at several locations, thus some European travel will be necessary.

Personal qualities and skills of paramount importance include:

- * Excellent communicative ability - a vital factor as the role encompasses liaison with European management and control of a small team.
- * Innovative ideas and acute commercial awareness - important attributes within this competitive operation.
- * Enthusiasm and ambition - essential for the company's development.

A competitive remuneration package is offered together with excellent promotion prospects for an individual of the right calibre.

Candidates should write to Tony Martin, quoting ref. TM 101 at 31, Southampton Row, London, WC1B 5HY or telephone 01-242 0965.

MP
Michael Page Partnership
International Recruitment Consultants
London New York
Birmingham Manchester Glasgow

COST CONTROLLER

High technology engineering

Manchester

c. £13,500

Our client is an autonomous international company within a major UK group. It manufactures high precision engineering products and provides related services for numerous large and prestigious customers throughout the world.

The business operates in an increasingly competitive environment and the role of the cost controller is to develop and refine costing procedures at the three UK manufacturing locations and, through regular manufacturing accounting and factory performance reviews, to improve the quality of management information.

The group has a policy of encouraging internal progression and offers the potential of a challenging long term career.

Applicants must be qualified Cost and Management Accountants with at least five years' experience in manufacturing industry. Particular skills are needed in developing new systems and in securing acceptance of new procedures at all levels, from factory to board level.

Please address brief personal and career details to Douglas G Mizon (Ref. F17/73/M) at:

Ernst & Whinney Management Consultants
Becket House, 1 Lambeth Palace Road, London, SE1 7EU.

Finance and Administration Director c. £20,000

GLEB has been established to implement an economic and industrial strategy aimed at creating long term jobs for London. Its work involves:

- active financial and economic regeneration in the central London area and other parts of the city;
- promotion of new forms of ownership and work organisation and including co-operative and municipal enterprises;
- developing London's technology resources to new and developing enterprises;
- developing packages of support for new projects, including buildings, advice, finance and technical advice.

Overall the directors of GLEB deal with strategy, investment, technology, property and enterprise planning. The annual budget is £25 million. The Board has a particular interest in manufacturing, with opportunities for significant involvement in the development of new companies. The Finance and Administration Director is responsible for



Greater London Enterprise Board

Project Accountant

N.W. London c.£11,000

Our client is a subsidiary of a successful U.S. High Technology Group.

A qualified accountant is now required to assist and report to the Finance Manager.

You will be involved in the extension of parent company reporting requirements, the business plan, and systems development.

A recently qualified ACA, in your mid 20s, you should be able to demonstrate success in your career to date, and be looking for a challenging role to act as a spring-board to a career in industry. You should also have a practical approach to problem solving in a business context.

Prospects for development are excellent in this expanding organisation. Please telephone or write to Rebecca Goddard quoting reference: RG6861.

**Lloyd Chapman
Associates**

123, New Bond Street, London W1Y 0HR 01-499 7761

UNIT TRUST ADMINISTRATION & FINANCE MANAGER

Abbey Unit Trust Managers is part of a major insurance group, with the Unit Trust operation being developed as a separate entity.

The position is a key appointment, the main purpose of which is to coordinate and develop the company's administrative and financial functions including investment administration, some of which are currently performed externally.

Day to day activities include the provision of a design service, financial management and control, external liaison on statutory and legal matters, product development, and contributing positively towards future strategies.

Applications are invited from qualified Accountants who have previous experience in the Unit Trust industry and a good all-round knowledge of investment.

The salary and benefits package will be fully competitive for the right individual.

Please apply with full C.V. to:

**Felicity Coulter
ABBEY UNIT TRUST MANAGERS**

13 St. Paul's Churchyard, London EC4P 4DX

COMPANY ACCOUNTANT

An expanding group of small companies based in Surrey/Middlesex area requires an energetic, qualified accountant. For suitable candidate, this position could lead to financial directorship.

Apply:

R. Blythe, 24 Neville Avenue, New Malden, Surrey
Tel: 01-949 0081

A substantial public company seeks a financial director to replace the present incumbent who retires in the Autumn. The company, in a consumer related service industry, has a turnover exceeding £50 million with a good profit record.

Applicants should be chartered accountants, preferably aged between 35 and 50, with all-round experience of the financial director's role. This will have been gained in a smaller company at board level or near board level in a larger organisation. Experience of acquisition work and in relationships with the City would be a particular advantage.

A good salary commensurate with experience is offered, together with excellent pension, car and other benefits.

Please write in confidence, quoting reference 4464/L, and enclosing career details, to N. P. Halsey, 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

P
Peat, Marwick, Mitchell & Co.
Executive Selection Division

Group Financial Director

General Management Prospects

London

up to £30,000

Reed Executive

The Country's most successful Recruitment Service

Financial Director

Suffolk

to £17,000 + Car

This new appointment is with a long established £3m turnover manufacturer and importer of varied raw materials for the food and pharmaceutical industries - a market leader of international repute - who has achieved significant growth in recent years. In addition to making a considerable commercial contribution to executive team decision making, you will introduce developments - including computerisation of the accounts function and stock records, the provision of management information systems, efficient cash management and more effective costing - to provide a firm base for continued growth. Aged probably 35-40 and qualified, your career must demonstrate very relevant experience. This appointment will initially be of Director designate status.

Telephone: 01-247 9431 (24 hour service) quoting Ref. 0478/FT. Reed Executive Selection Limited, 122 Whitechapel High Street, London E1 7PT.

This vacancy is open to both male and female candidates

London Birmingham Manchester Leeds

GLC

Working for London

Value for money for London - the challenge for Auditors

Larger than that of many nation states, the budget for Greater London is one of the largest of any local authority in the country. In areas as diverse and as financially complex as regeneration and the arts, education and a range of major sporting projects, the work of ensuring the cost effective deployment and use of GLC/TEA resources presents auditors with the opportunities to gain experience of internal and management assignments of the widest possible variety.

Group Auditors

£11,880-£13,353

Primarily concerned with controlling and leading protective and systems audits and specialist investigations. Group Auditors are responsible for the day-to-day operational workload and that of a small team of audit staff, as well as the maintenance of the highest technical and professional standards.

The salary will be within the range indicated, inclusive of London Weighting.

We welcome applications from disabled people and all sections of the community, irrespective of an individual's sex, ethnic origin, colour or sexual orientation.

For further details and an application form, which must be returned by 31st March 1983, write to Pam Cobden, PN/GIA, Room 296, Greater London Council, The County Hall, London SE1 7PB, or telephone her on 01-633 3035.

The GLC is an equal opportunities employer

Investment Manager Fixed Interest Securities

London

to £23,000

Our client is a leading British insurance broker with world wide interests.

An Investment Manager is required to structure and manage Eurobond, US Bond and Gilt portfolios. A thorough understanding of these markets, and the ability to interpret economic information in order to formulate investment policy, is essential.

The successful candidate will probably be 26-36, and hold an economics or similar degree. Salary is negotiable up to £23,000, plus a bonus, and a car is provided.

Please send your cv. to Julian Brooke in complete confidence, quoting reference 1388.

Odgers

MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St.
London W1X 3TD 01-499 8511

Jill not in

International Appointments

FINANCIAL ADVISER

National Cereals and Sugar Finance Corporation (NCSFC)

MINISTRY OF FINANCE, KENYA

Required to act as a Financial Adviser to the Corporation reporting through the Chief Executive on professional matters; to seek and work within the guidelines agreed with the Treasury; to prepare annual cash budgets on a continuous basis; to analyse Financial Reports submitted by client organisations on a monthly basis and advise the Chief Executive on funds, requirements and collections; to collect national statistics relevant to NCSFC operations and interpretations of the same; to monitor collections of client organisations from the ultimate borrowers and remittances to NCSFC; to review costs on all commodity aid schemes; to monitor all Multilateral Loans channelled through NCSFC to ensure all donor conditions are strictly met.

Applicants should be citizens of the United Kingdom, who have a degree in economics or commerce plus a professional qualification in accounting, with at least 10 years' experience in a financial institution, of which 5 years must be at Senior Financial Analyst or Senior Project



OVERSEAS DEVELOPMENT

BRITAIN HELPING NATIONS TO HELP THEMSELVES

Senior Personnel Manager The Gulf Banking

Tax free income

Our client is a major Middle East bank with substantial local and international activities and a solid record of growth. The bank employs a large number of staff of many different nationalities.

Prime responsibilities will be for:

- Recruitment at all levels and in all categories
- Manpower planning and control
- Compensation policy development and administration
- Organisation structuring and specification.

Professionally qualified candidates must have held senior personnel roles, ideally in a banking or financial institution with diversified activities. Previous international experience is essential and familiarity with management development is an advantage.

While fluency in Arabic and experience in the Middle East are desirable, lack of either should not be seen as a deterrent.

The salary is negotiable and free of local tax and the total benefits package is attractive and commensurate with the seniority of the position.

Please write giving full career and personal details in strict confidence to G. E. Yazigi ref. B.1036-9.

MSL middle east

Management Selection Limited
International Management Consultants
52 Grosvenor Gardens London SW1W 0AW

An important Belgian company, part of an international group, wants to engage as soon as possible

a COFFEE-TRADER (m/f)

He/she will be responsible for green coffee and futures trading, price-fixing contracts and currency hedging on an international market-scale.

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Glasgow G75 8EA.

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FT INTERNATIONAL BOND SERVICE

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U.S. DOLLAR	Issued	Bid	Offer	Change on day/week	Yield	Japan Airlines 7 1/2% 87	91 100/2 101	8	-1%	7.54
Aeros 6/15 86	75	112/4	123/4	-1%	11.23	New Zealand 5 1/2% 87	15 102/4 102	8	-1%	7.54
Aeros Bank 5 1/2% 86	100	101/4	102/4	-1%	10.25	World Bank 5 1/2% 82	20 102/4 103	8	-1%	7.54
BHP Finance 14 1/2% 89	150	105/4	106/4	-1%	12.57					
British Caltex 14 1/2% 89	200	113/4	113/4	-1%	11.52					
British Caltex 15 1/2% 92	150	116/4	117/4	-1%	12.08					
Canada 14 1/2% 89	750	101/4	102/4	-1%	11.12					
Canada 14 1/2% 92	170	104/4	105/4	-1%	11.12					
Canada Water 11 1/2% 90	100	100/4	101/4	-1%	11.85					
Can Pac Ltd 14 1/2% 92	75	110/4	111/4	-1%	12.55					
Can Pac Sec 15 1/2% 89	75	109/4	110/4	-1%	12.55					
Chilex Corp 14 1/2% 89	100	104/4	105/4	-1%	12.55					
Coats Int'l 9 1/2% 82	100	104/4	105/4	-1%	10.76					
Coats Int'l 11 1/2% 89	105	105/4	106/4	-1%	10.57					
Credit Suisse 10 1/2% 89	100	100/4	101/4	-1%	10.32					
Deutsche Bnk 14 1/2% 89	300	101/4	102/4	-1%	11.12					
Deutsche Bnk 15 1/2% 92	100	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 93	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 95	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 97	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 99	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 01	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 03	200	101/4	102/4	-1%	11.12					
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Deutche Bnk 15 1/2% 21	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 23	200	101/4	102/4	-1%	11.12					
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Deutche Bnk 15 1/2% 85	200	101/4	102/4	-1%	11.12					
Deutche Bnk 15 1/2% 87	200	101/4	102/4	-1%	11.12					
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Deutche Bnk 15 1/2% 19	200	101/4	102/4	-1%	11.12</					

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WALL STREET Funds rate helps the nervous

OPERATORS on Wall Street were holding their breath ahead of the opening of the credit markets, following Mr. Paul Volcker's warning on money supply and interest rates which had so unsettled the investment mood at the close of business on the previous day, writes Terry Byland in New York.

But after a nervous start, bond and note prices began to rally, helped by a small but greatly appreciated easing in the Federal Funds rate, which by the end of the session was quoted at 7.75 per cent and bond prices were around 3/4 higher on fairly modest retail demand.

Meanwhile, the Dow Jones industrial average of blue chip stocks ended 12.86 higher at 1,132.64.

The appearance of the first declines in interest rates for four trading sessions indicated that Wall Street was still confident that inflation is coming under control. But dealers were quick to point out that the rally in bond prices yesterday morning was "almost imperceptible." The market had anticipated Mr. Volcker's concern over money supply and to that extent, prices had discounted the effects.

But the market remains apprehensive

about the possible effect of the federal deficit on credit markets over the 12-month span, and some traders believe that last week's upturn in bond price was taken too far. Some institutional portfolios became overfull, and Monday and Tuesday saw some thinning out. Yesterday's market was left to the smaller investors.

The Treasury's benchmark long bond, the 10 per cent of 1922 was firmer, but settled down at 97 1/2 against 97 1/4 on the previous day and over 100 last week. The trend was much the same throughout the longer end of the bond market, with demand on a small scale.

The Treasury bill sector was equally quiet and most yields showed very small falls. The Treasury bill sector was equally quiet and most yields showed very small falls. The three-month bill yielded 8.24 per cent overnight, and the six-month bill 8.23 per cent against 8.27 per cent.

Just before the close of the session, the Treasury announced an issue of \$7.75m in two year notes. This total had been widely predicted in the market and the announcement had no effect on trading. But another, and larger, issue is expected next week and will provide a greater test of market willingness to take up new debt.

The steadier tone of the credit markets brought bargain hunting among leading stocks, and the share sectors closed with widespread gains, concentrated on major stocks. In the wider market, many second line stocks were overlooked. Only 84.4m shares traded, and the NYSE composite index gained

0.83 to 88.23.

Shares showing gains numbered 976, with 633 finally showing falls. Among the most favoured of the leaders was IBM at \$102.40 with the market responding somewhat belatedly to the latest move into personal computers.

The week's crop of takeover hopefuls were active again. Natomas, the energy and shipping group, at \$18.40 and Chock Full O'Nuts at \$19.40.

After an early decline, stocks showed some improvement in Toronto. Golds, which moved sharply ahead, were the brightest spot. In Montreal, papers were the only sector to demonstrate a decisive upturn.

LONDON

Equities hold up against the tide

FINANCIAL markets in London continued to trade nervously ahead of an Opec agreement on oil price cuts and production quotas. Despite the uncertainty, however, equities showed remarkable resilience and Government stocks also recovered well, after a poor start.

Wall Street's sharp overnight setback, on fears of a possible rise in short-term U.S. interest rates, added initially to London's troubles. Equity dealers marked leading shares down sharply at the opening, but their protective move failed to stop some nervous selling. However, quotations soon recovered as investors committed fresh funds to top-quality stocks and values went progressively better.

Down 6.1 at the 10 am calculation, the FT industrial ordinary index reduced the loss at each subsequent count to close a net 0.3 higher on the day at 884.9.

Underlying sentiment was helped by early reports that a ballot by mineworkers could show a decisive vote against strike action over pit closures.

U.S. fears of dearer domestic money and sterling's overnight weakness against the dollar gave cause for concern in the gilt-edged market. It led to an opening markdown of about a half-point in longer-dated stocks before the pound's rally yesterday encouraged a recovery which left prices only marginally easier on the day.

Easier at the outset, the oil majors took a modest turn for the better, following comments from Sheikh Yamani about a successful conclusion to the London talks. Business, however, was inhibited to some extent by the immobility of trading statements from Shell, Ultramar and Lasmco, all of which have preliminary trading statements scheduled for today.

Shell, after opening at 422p, attracted sporadic support and closed 4p dearer on balance at 430p. Ultramar edged up 7p to 460p, but Lasmco, still nervous on rights-issue rumours, ended a couple of pence off at 228p.

Numerous gains were evident among secondary electrics. BSR jumped 18p to 88p, after 90p, as investors warmed to the group's recovery potential after implementation of the financial reconstruction plans. Reflecting the strong profits recovery, Phicon advanced 6p to 34p.

Share information service, Pages 42-43

AUSTRALIA

Broad retreat

SHARP falls, particularly among leading mining stocks, led prices lower across the board in Sydney, in a heavy day's trading. The declines were attributed to the sharp downturn on Wall Street and Tuesday's announcement that the 1983-84 federal budget deficit is estimated A\$3.6bn higher, at A\$9.6bn, than previous predictions.

Operators are concerned that this could undermine the already devalued Australian dollar and put upward pressure on interest rates.

Among minings, MIM fell back 28 cents to A\$4.27, CRA and North Broken Hill declined 26 cents each to A\$4.45 and A\$2.45 respectively. Western Mining was down 17 cents at A\$4.15 and Comalco fell back 15 cents to A\$2.35. Market turnover was a heavy A\$27.90m and declines outnumbered advances by two to one.

The same downward trend was seen in Melbourne though the reversals were not enough totally to wipe out Tuesday's large gains. Gold issues lost ground.

SOUTH AFRICA

Golds easier

THE partial recovery in the bullion price enabled gold shares to close above the day's low in Johannesburg, in quiet trading. Randfontein ended R2.50 lower at R137.50 while cheaper-priced producers lost between five and 75 cents. Mining financials followed the same trend with Gencor down 25 cents at R27.50 ahead of its annual results due late today.

FAR EAST

Overnight U.S. decline spills over

THE YEN's weakness and Wall Street's overnight fall led to scattered selling in Tokyo and share prices fell slightly. But the market was also awaiting signs of progress from the Opec oil price talks in London.

The Nikkei-Dow Jones market average shed 18.74 to end at 8,008.25 on a thin volume of 230m shares, and the Tokyo SE index dipped 2.18 to 588.54. Many market leaders declined, as did the troubled Meiji Seika, the confectionery concern with pharmaceutical interests, which lost Y7 to Y530.

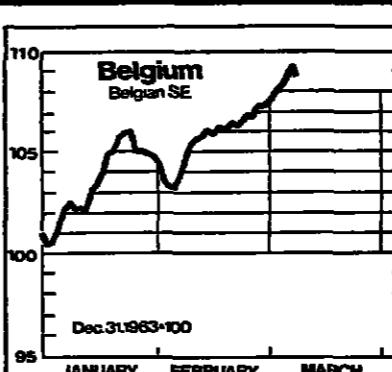
Nippon Electric shed Y14 to Y945, Fuji Film Y20 to Y1,660, Hitachi Y10 to Y759, Sony Y80 to Y3,310 and Toyota Motor Y13 to Y885. Oils were little changed although Nippon Oil fell Y29 to Y913.

After a slow day's trading in Hong Kong, stocks closed near their lows for the day, with sentiment depressed by corporate news - particularly Hongkong and Shanghai Banking Corporation's results for 1982 - and price trends abroad.

The bank had reported a HK\$2.36bn net profit, which was at the lower end of analysts' 10 to 15 per cent growth expectation and the bank's shares closed 25 cents lower at HK\$8.95.

The Hang Seng index closed Wednesday's traditional half-day trading 11.34 points lower at 1,003.50, with the market additionally discouraged by the Government's appointment of two inspectors to investigate the property company EDA Investments.

Against the lower trend, Singapore was described by one broker as bullish, and the Straits Times industrial index rose 2.36 points to close at 841.38, on volume of 24.4m shares. However, observers believe there may be a wave of enforced selling within the next two weeks.



EUROPE

Consolidate becomes the best option

THE European bourses had much quieter sessions than in recent days, with prices generally lower on profit-taking, in reaction to Wall Street's overnight downturn and with some hesitancy still present ahead of an outcome to the Opec talks in London.

In Frankfurt share prices tended lower in moderate activity as an attempt was made to consolidate the sharp gains seen earlier in the week. But unlike Tuesday, when fresh buying wiped out earlier losses, the market moved steadily lower, though it was able to close just off session lows.

AEG, which announced that it had sold a 75 per cent stake in its Telefunken subsidiary to Thomson-Brandt of France, retreated DM 4.50 despite acceptance by its creditors of a management plan to write off 60 per cent of the company's debt.

Banks were generally weaker. Commerzbank and Dresdner each fell DM 4.30 to DM 142.50 and DM 154.50 respectively, while Deutsche and Bayernverein each gave up DM 6 to DM 282 and DM 310 respectively.

Against the trend Preussag, the engineering concern, climbed DM 3.80 to DM 219.80 after reporting "satisfactory"

earnings for 1982, coupled with a 1.3 per cent rise in sales.

Public authority bonds extended early weakness to finish with losses of up to a half-point, although there were isolated gains of up to a quarter.

A narrowly mixed trend emerged in Paris. Bank, portfolio and motor issues gained but hotels, stores, electricals, engineering and chemicals were lower. Foreign shares were broadly lower in response to Wall Street's losses.

In Amsterdam Dutch bond prices weakened by up to a full point as the new 7.5 per cent state issue received a mixed reception. The fall was attributed to weakness in New York credit markets and some disappointment that the terms of the new issue were little changed from the last loan in January.

Among Dutch international stocks, Hoogovens fell 70 cents to F1 23.3 while Unilever was F1 1.80 lower at F1 203.20. On the after-bourse market Philips climbed from its bourse close of F1 37.60 shortly after announcing a 21 per cent increase in net profits and a proposal for an unchanged F1 1.80 dividend for 1982.

Brokers in Brussels were expecting a sharp drop in stock prices in reaction to Tuesday's 2.5 point discount rate increase to 14 per cent. But in the event stocks closed mixed to only slightly lower with the view being adopted that the rate boost was only temporary.

Utility stocks booked modest gains with EBES and Intercon each up BFr 5 to BFr 2,084 and BFr 1,605 respectively, and Unerg up BFr 20 at BFr 1250. Steel stocks lost some ground with Clabecq dropping BFr 10 to BFr 750 and Arbed down a further BFr 20 to BFr 1,204.

Domestic share prices continued to drift lower in Zurich amid renewed fears of higher interest rates. The weaker tone was attributed mainly to the recent steep rise in Eurofranc deposit rates. Swiss bonds ended lower, depressed by the firm dollar.

Expectations that exchange rate fluctuations would prevent cuts in Italy's high interest rates left share prices easier in Milan. Fiat fell L140 to L2,560 and Sna Viscosa L19 to L961.

Electricals led a general decline in Madrid, where the bourse index closed 0.35 lower at 108.34.

In Stockholm prices closed lower in moderate turnover. In engineering Alfa-Laval fell Skr 5 to Skr 405. In motors Saab-Scania fell Skr 7 to Skr 307.

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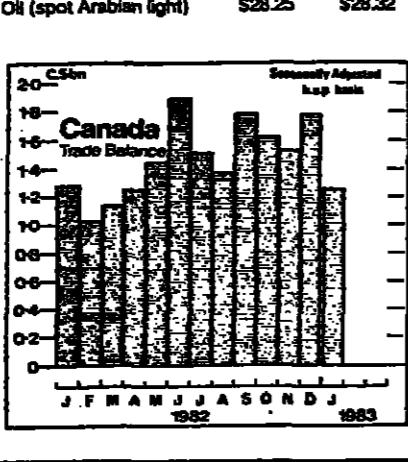
And with Bella, whose readership (1,276,000) is largely made up of middle class women (59%), with children at home (47%).

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* Indicates latest pre-close figure

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 4

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 40

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 2 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s) b—annual rate of dividend plus stock dividend. c—liquidating dividend. cl—called. d—new year low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulated issue with dividends in arrears. m—new issue in the past 52 weeks. The high-low range begins with the start of trading no-next day regular. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividends. s—stock split. Dividends begin with date of split. ss—sales dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—n bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies wd—when distributed. wu—when issued. wu—w—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. ylo—yearly z—asiles in full.

WORLD STOCK MARKETS

CANADA			DENMARK			NETHERLANDS			AUSTRALIA			JAPAN (continued)			LONDON		
(Closing Price) Stock	Mar 9	Vari.	Mar. 9	Price %	+ or —	Mar. 9	Price Frs.	+ or —	Mar. 9	Price Aust.	%	Mar. 9	Price Yen	+ or —			
AMCA Int.	25 1/2	-1	Aarhus Olie.	369.6	-3.4	ACF Holding	137.5	-2.5	ANZ Group	2.5	-0.05	Konishi/Roku.	602	-3			
Akzo	21 1/2	-1	Andelsbanken	232	-8	Aholt	144	-5.8	A.O.D.	0.55	-0.05	Kubota	322	-3			
Agence Eagle	18 1/4	+ 1/2	Baltica Skand.	424	-	AKZO	51.8	-1.8	Ampol Pet.	1.4	+ 0.05	Kumagai	380	-3			
Alberta Energy	14 1/4	+ 1/2	CopHandelsbank	245.4	-4	ABN	654.5	-4.5	Assoc. Pulp Pap.	1.95	-0.05	Kyoto Ceramic	4,530	-30			
Alcan Alum.	39 1/2	+ 1/2	D. Sukkerfab.	430	-8	Aust. Cons. Ind.	1.12	-0.02	Aust. Guarant.	2.1	-0.1	Maeda Const.	517	-			
Alpensia Steel	32 1/2	+ 1/2	Danske Bank.	256	-4.6	Aust. Nat. Indus.	2.8	-0.1	Aust. Paper	0.95	-0.05	Makino Milling	740	-18			
Astecos	12 1/2	-	East Asiatic	126	-15	Bredero Crt.	182.5	+ 0.5	Bond Hidge.	2.58	+ 0.05	Makita	900	-			
St. Montreal	28 1/2	+ 1/2	Forende Bryg.	731	-12.6	Boskalis West.	48.5	-0.8	Bond Hidge.	2.58	+ 0.05	Marubeni	285	-			
St. Rose Scato	40 1/2	+ 1/2	GNT Hldg.	259.8	-1.4	Buhrmann-Tet.	40.5	-1	Bonduel	545	-	Marudai	545	-			
Basic Resources	1.48	-	I.S.S.B.	321	-	Caland Hids.	26.8	-1	Maruhi	907	-4						
Bell Canada	25	-	Jyske Bank	398.2	-0.8	Elsievier NDU	245	-4	MEJ	1,210	-						
Bombardier A	13 1/2	-	NOVO Ind.	230	-7.4	Euro Comm Tel.	78	+ 0.5	Mitsubishi Elec.	574	-10						
Bow Valley	17 1/2	+ 1/2	Privatbanken	244	-5.6	Ennla	140	-1	Mitsubishi Bank.	501	+ 1	Mitsubishi Bank.	322	-			
BP Cessna	25	-	Provinbanken	197.6	-5	Entra	143	-1	Mitsubishi Corp.	505	-6	Mitsubishi Corp.	564	-5			
Brascan A	27 1/2	+ 1/2	Smith (F.L.)	217	-6	Ente	153	-1.5	Mitsubishi Estate	457	-1	Mitsubishi Estate	545	-5			
Briggs	3.35	-	Sophus Berend.	650	-4.4	Ente	164	-1	Mitsui Co.	571	-1	Mitsui Co.	548	-5			
B. C. Forest	11 1/2	-	Superior	141	-1	Ente	166	-1.5	Mitsui Koshi	513	-2	Mitsui Koshi	513	-2			
Can. Cement	18 1/2	+ 1/2				Ente	168	-2	NGK Insulators	180	+ 4	Nihon Cement.	180	-			
Can NW Energy	25 1/2	+ 1/2				Ente	170	-2.5	Nippon Denso.	1,220	-	Nippon Denso.	1,220	-			
Can Packers	38	-				Ente	172	-3	Nippon Elect.	945	-14	Nippon Elect.	945	-14			
Can Trustco	37	-				Ente	174	-3.2	Nippon Express.	183	-1	Nippon Express.	183	-1			
Car Imp Bank	34 1/2	+ 1/2				Ente	176	-3.5	Nippon Gakki.	650	-10	Nippon Gakki.	650	-10			
Canadian Pacific	44 1/2	+ 1/2				Ente	178	-3.7	Nippon Kokan.	135	-2	Nippon Kokan.	135	-2			
Can. P. Co.	22	+ 1/2				Ente	180	-4	Nippon Oil.	915	-29	Nippon Oil.	915	-29			
Can Tie	58 1/2	-				Ente	182	-4.2	Nippon Seiko.	395	-	Nippon Seiko.	395	-			
Carling 7/16s	14 1/2	+ 1/2				Ente	184	-4.5	Nippon Shiman.	785	-	Nippon Shiman.	785	-			
Chateau	24 1/2	-				Ente	186	-4.8	Nippon Steel.	158	+ 1	Nippon Steel.	158	+ 1			
Comics	52	+ 1/2				Ente	188	-5	Nippon Suezan.	297	+ 4	Nippon Suezan.	297	+ 4			
Costa Berlin A	18 1/2	+ 1/2				Ente	190	-5.2	NTV	4,000	-40	NTV	4,000	-40			
Costco Resources	3.5	+ 1/2				Ente	192	-5.5	Nippon Yusen.	243	-2	Nippon Yusen.	243	-2			
Costin	8 1/2	-				Ente	194	-5.8	Nissan Motor.	744	+ 1	Nissan Motor.	744	+ 1			
Cost Dev	2.06	-0.03				Ente	196	-6	Nishin Flour.	543	-15	Nishin Flour.	543	-15			
Deutsche Minen	35 1/2	+ 1/2				Ente	198	-6.2	Nishin Steel.	141	-4	Nishin Steel.	141	-4			
Dom. Potash A	44	+ 1/2				Ente	200	-6.5	Normura.	660	-12	Normura.	660	-12			
Dom. Stores A	18 1/2	+ 1/2				Ente	202	-6.8	Olympus.	1,090	-10	Olympus.	1,090	-10			
Falcon Ltd.	58	-				Ente	204	-7.1	Omro Tefel.	1,040	-	Omro Tefel.	1,040	-			
Geant 7/16s	22 1/2	+ 1/2				Ente	206	-7.4	Orient Leasing.	2,670	-	Orient Leasing.	2,670	-			
Gen. Aquitaine	25 1/2	-				Ente	208	-7.7	Pioneer.	2,300	-40	Pioneer.	2,300	-40			
Gen. Occidental	469.5	+ 1.5				Ente	210	-8	Renown.	605	-5	Renown.	605	-5			
Imetal	50.4	-0.1				Ente	212	-8.3	Ricoh.	682	-4	Ricoh.	682	-4			
Lafarge-Coppes	274	-1				Ente	214	-8.6	Samko.	775	-22	Samko.	775	-22			
L'Oréal	1,230	+ 10				Ente	216	-9	Sapporo Elect.	432	-5	Sapporo Elect.	432	-5			
Legrand	1,230	+ 10				Ente	218	-9.3	Seikatu Prefab.	695	-5	Seikatu Prefab.	695	-5			
Levi-Aquitaine	252	-3				Ente	220	-9.6	Seven-Eleven.	6,580	-220	Seven-Eleven.	6,580	-220			
Michelin B.	640	+ 8				Ente	222	-9.9	Sharp.	1,230	-20	Sharp.	1,230	-20			
Midi (Cler)	678	-6				Ente	224	-10.2	Shimadzu.	457	-3	Shimadzu.	457	-3			
Moët-Hennessy	677	-6				Ente	226	-10.5	Shionogi.	885	+ 2	Shionogi.	885	+ 2			
Mouton	79	-1.1				Ente	228	-10.8	Sony.	3,810	-80	Sony.	3,810	-80			
Nord Est	49	+ 0.8				Ente	230	-11.1	Stanley.	440	-5	Stanley.	440	-5			
Pernod Ricard	432	-7				Ente	232	-11.4	Stomto Elect.	422	+ 2	Stomto Elect.	422	+ 2			
Pernier	260	-1				Ente	234	-11.7	Stomto Marine.	226	-5	Stomto Marine.	226	-5			
Petroles (Fr.)	145.1	-1.5				Ente	236	-12	Takihel Metal.	155	-4	Takihel Metal.	155	-4			
Peugeot SA	178.5	+ 3.5				Ente	238	-12.3	Takihel Dangyo.	465	-	Takihel Dangyo.	465	-			
Peugeot	96	+ 1/2				Ente	240	-12.6	Takihel Pharm.	640	-8	Takihel Pharm.	640	-8			
Poche	14	+ 1/2				Ente	242	-12.9	Takada.	4,530	-70	Takada.	4,530	-70			
Printemps Au.	114.4	+ 1.9				Ente	244	-13.2	Telco.	233	-2	Telco.	233	-2			
Printemps	350	-8.8				Ente	246	-13.5	Teikoku Oil.	739	-14	Teikoku Oil.	739	-14			
Redoute	881	+ 1				Ente	248	-13.8	Tokio Marina.	452	-2	Tokio Marina.	452	-2			
Massy-Ferry	277	-3				Ente	250	-14.1	TOK.	501	-	TOK.	501	-			
Schneider	106	+ 3.1				Ente	252	-14.4	Tokyo Elect. PW.	1,110</td							

AMERICAN STOCK EXCHANGE CLOSING PRICES

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COMMODITIES AND AGRICULTURE

Brokers predict nickel price rise

By John Edwards

A RISE in free nickel prices, as supply and demand come closer into balance, is predicted in a special in-depth study of the nickel market by London commodity brokers, Rudolf Wolt.

It estimates that demand for nickel could rise by 15 per cent this year, and with continued production cuts, there should be a fall in surplus stocks and a rise in free market prices above the \$3.20 a pound currently being quoted by producers but not being realised on actual sales. Present values are between \$2.10-2.40 a pound.

\$130 gain

On the London Metal Exchange yesterday nickel futures rose again to reach the highest point for nearly a year. The cash price closed \$6.5 up at \$3.136 a tonne—a gain of 1.5 per cent.

The three-month tin price also reached a new peak, moving up by \$3.5 to \$8.920.5 a tonne—the cash price at \$8.896 is moving close to the record level of \$9.000 reached in February last year as a result of sustained buying by a mystery group.

Buffer stock

This time the buying support is known to be coming from the buffer stock of the International Tin Council, which is also boosting the Straits price in Penang.

However, the Malaysian market remains well below the high levels of a year ago, reflecting the change in the value of sterling against the dollar.

Other metals were firmer too, on the weakness of sterling and the steady trend in gold. The cash price of high-grade copper closed \$2.5 higher at \$1.062.5 a tonne.

Practical approach to Brandt Report

By Richard Moomey

READING UNIVERSITY'S Institute of Agricultural Strategy is finalising a practical plan of consolidating recommendations in the second Brandt Report into practical schemes to encourage the development of Third World agriculture.

Professor Colin Spedding, director of the centre, said there had been much criticism and disappointment that, after the first Brandt Report, practically nothing happened.

"This is partly because most people leave it to others and partly because no one is sure what they can usefully do," he said.

The CAS Brandt project will be designed to establish what kind of action would be effective.

But first, Prof Spedding said, it was necessary to raise money to cover technical publishing, staff costs, etc. The centre is seeking donations for a targeted \$100,000 initial fund.

When this is done it plans to set up about 20 working groups covering problem areas highlighted in the Brandt Report.

These will be concerned with such subjects as food aid, soil erosion, water supply, research and development, special problems of small farmers, marketing and distribution and agricultural co-operation.

It hopes to draw on the help and experience of the many agencies already active in these fields and to produce co-ordinated plans. "We are not proposing another agency," said Prof Spedding.

The CAS project will examine how these things can best be done. "A number of people are aware of the Brandt Report and are willing to help," said the Professor. "But they don't know how."

Financial Times correspondents look at the effects of Australia's devaluation
Exporters see little hope of lower consumer prices

AUSTRALIA'S 10 per cent currency devaluation is welcomed by exporters of agricultural products to Britain but it will make little difference to the price of such items to consumers, writes Bob Schofield.

Because of the de facto devaluation for sterling over the past few months as it was seen as a disaster for Australia as it was for the two other principal non-EEC suppliers to this market, South Africa and California.

One of Australia's largest canners, Arimonda, ended its last financial year with a \$4.25m loss, and equally gloomy figures are expected shortly from the other big canner, SPC.

In an effort to stem losses, the traditional suppliers to this market have made drastic cuts in production—to the point indeed, of over-correction and the

prospect of shortages this year. Prices have also been brought more into line with those in 1980, before two years of glut.

For the consumer, the adjustment offers no hope of cheaper prices. Like its predecessor, 1982, was a year of a disaster for Australia as it was for the two other principal non-EEC suppliers to this market, South Africa and California.

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prospect of shortages this year. Prices have also been brought more into line with those in 1980, before two years of glut.

Against this prospect and such other complications as last week's 10 per cent rise in prices for South African canned fruit and a doubling of the cost of irrigation water because of drought, the Australian devaluation, though applauded by the industry and the trade, will

have little immediate significance.

The drought and its impact on the cost of irrigation also concern Australia's dried fruit industry, as well as Britain about \$1.5m-worth this year. Prices are set by the exporters each November on the basis of production costs, and they became effective on March 1.

The chief executive of the co-operative producing the ginger said in London yesterday that he wondered whether the co-operative had made the right decision in not raising prices but letting the consumers benefit.

Again, the devaluation is welcomed by the industry and trade. But since the EEC last year imposed a minimum price of \$1.81 a tonne below which any fruit entering the community would be penalised by a levy of \$150 a tonne, the trend is for prices to rise.

Australian exporters said yesterday that the devaluation would serve to bring rates more into line with those for

Speculative buying pushes up coffee

By Our Commodities Staff

HEAVY SPECULATIVE buying pushed coffee prices up sharply on the London futures market yesterday. The May position closed \$57.50 higher at £1,724 a tonne, only £10 below the 30-month peak reached in January. Dealers said there was no clear reason for the upturn.

The International Coffee Organisation's executive committee meets in London today to discuss the sharing of a 750,000-bag cut in this season's global quota, agreed after Hungary and Israel withdrew from the organisation last year.

• THE EEC agreed in principle to apply commission proposals for manioc imports, after the Dutch accepted arrangements affecting quantities for its feed processing industry. Brazil was given assurances that possible Yam imports above the usual 10,000 tonnes would not attract a higher tariff.

• U.S. Agriculture Secretary Mr John Block has announced a 20,000-tonne rice sale to Morocco under a special programme providing subsidised credit.

• SUGAR EXPORT authorisations continued at their recent level, at 100,000 tonnes EEC tender in Brussels. Export licences were granted on 30,500 tonnes of white sugar and 5,000 tonnes of raw. London traders said the allotment had little impact on prices.

• TRADING in silver options will start on April 5 at Amsterdam's European Options Exchange. A 16-hour trading day has been arranged with the Vancouver exchange.

Farmers favour \$ decision

DEVALUATION of the dollar has been widely applauded by Australian farming interests already struggling to combat drought, rising costs, and the impact of dull export prices. Michael Thompson-Niel writes from Sydney.

The drought is causing growing problems for the country's meat producers. The Australian Meat and Livestock Corporation said yesterday that its revised forecast for total cattle and calf numbers was now 22m head, 102 per cent down on the 1982

level. Cattle and calf slaughter this year are expected to decline by more than 20 per cent, to 7.5m head, or 600,000 less than recently estimated.

This will place pressure on exports, for which the target this year is 450,000 tonnes.

• TRADING in silver options will start on April 5 at Amsterdam's European Options Exchange. A 16-hour trading day has been arranged with the Vancouver exchange.

AMERICAN MARKETS

Wool Board is trying hard to increase sales to China and has offered expertise and technical assistance to develop wool-consuming industries. One area for expansion is carpet manufacture.

Sixty per cent of New Zealand's total wool clip goes into carpets but in China only 10 per cent of the wool imported from New Zealand is used by the carpet industries. Most of it has been absorbed for hand knitting yarns.

To help develop China's carpet industry, New Zealand is to import \$NZ100,000 of woolen

hand-knotted carpets.

Chinese buyers indicated this month that sales of NZ wool to China would increase by 10 per cent each year and this has been another optimistic indicator for wool prices.

The wool board believes stocks held in all consumer countries are extremely low. Encouraging signs of a pick-up in the United States economy and increased consumer demand will help maintain prices for the rest of the season.

However, Mr Hugh Peirse, wool board managing director, said that although the increased level of sales has been encouraging the market is something of a fragile flower. Those hoping that the large stocks of wool being held by New Zealand, Australia and South Africa will help depress prices could be disappointed.

Wool Board's policy is to restrict the flow of wool from its stockpile into the auction system. At the start of this season it had 420,000 bales and has now sold 28,000 of these.

In anticipation of a quota cut, after rallying strongly in the session, cotton backed off towards unchanged levels as light speculative buying continued.

Concerns from oil producers that a \$4.00-5.00 cut in oil prices has been discounted. Copper attracted considerable buying in reaction to the recent price falls and optimistic economic outlook.

Gold rallied higher on short-covering and light buying interest in response to indications of sharp reductions in U.S. maize acreage.

U.S. grain futures showed some improvement in the latest price statements regarding negotiations at the Opec conference, reported Henroid Commodities.

NEW YORK

COCOA 100 tonnes \$/tonnes

Close High Low Prev

May 6.43 6.47 6.30 6.32

July 6.68 6.70 6.61 6.57

Sept. 6.89 7.02 6.95 6.88

Oct. 7.22 7.25 7.15 7.13

Dec. 7.22 7.25 7.15 7.13

May 8.51 8.52 8.47 8.41

July 8.73 8.70 8.70 8.60

COFFEE #37,000 lbs, cents/lb

Close High Low Prev

March 12.70 12.94 12.73 12.75

April 12.18 12.35 12.25 12.05

May 12.03 12.20 12.10 11.97

July 12.52 12.70 12.50 12.50

Sept. 12.93 13.10 12.90 12.90

Dec. 11.70 11.85 11.65 11.65

May 12.50 12.65 12.45 12.45

July 12.25 12.30 12.10 12.10

COFFEE #37,000 lbs, cents/lb

Close High Low Prev

March 12.75 12.90 12.70 12.75

April 12.20 12.35 12.10 12.10

May 12.05 12.20 12.00 12.00

July 12.25 12.40 12.20 12.20

COFFEE 25,000 lbs, cents/lb

Close High Low Prev

March 12.45 12.60 12.40 12.40

April 12.00 12.15 11.85 11.85

May 11.85 12.00 11.75 11.75

July 12.25 12.40 12.20 12.20

COFFEE 25,000 lbs, cents/lb

Close High Low Prev

March 12.35 12.50 12.30 12.30

April 12.00 12.15 11.85 11.85

May 11.85 12.00 11.75 11.75

July 12.25 12.40 12.20 12.20

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April 12.00 12.15 11.85 11.85

May 11.85 12.00 11.75 11.75

July 12.25 12.40 12.20 1

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